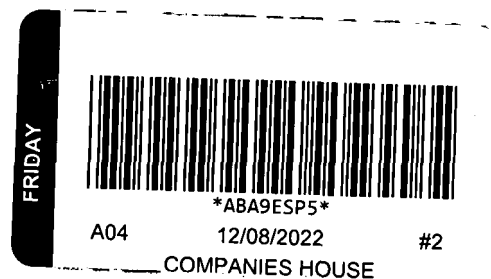


Registration number: 01532937

# Ramsay Health Care UK Operations Limited

Report and Financial Statements

for the Year Ended 30 June 2021



# Ramsay Health Care UK Operations Limited

## Company Information

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**Directors** P Allen  
N J Costa

**Company secretary** M Erfan

**Registered office** Level 18, Tower 42  
25 Old Broad Street  
London  
EC2N 1HQ

**Auditor** Ernst & Young LLP  
400 Capability Green  
Luton  
Bedfordshire  
LU1 3LU

# Ramsay Health Care UK Operations Limited

## Strategic Report for the Year Ended 30 June 2021

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The directors present their strategic report for the year ended 30 June 2021.

### Principal activity

The principal activity of the company continued to be the development and management of health care services.

### Results and dividends

The profit for the year, after taxation amounted to £7,186,000 (2020: loss of £19,388,000). During the year a dividend of £5,250,000 was paid (2020: £Nil).

### Review of the business

The company's key financial and other performance indicators during the year were as follows:

	Unit	2021	2020
Revenue	£000	548,504	479,911
Total operating profit before exceptional charges	£000	49,077	35,276
Profit/(loss) for the year after tax	£000	7,186	(19,388)
Total equity	£000	53,420	51,484
Net cash inflows from operating activities	£000	99,104	99,964
Patient satisfaction	%	96	96
Average number of employees	No.	6,881	5,867

### Operating performance

On 30 January, the World Health Organisation announced Coronavirus as a global health emergency. On 11 March 2020, it announced that Coronavirus was a global pandemic. In late March 2020, Ramsay entered into a contract with the NHS to support the national response to the virus. Support included the provision of all hospital facilities, staff, medical equipment, consumable items and Personal Protective Equipment (PPE). During the period of the contract, which ended on 31 December 2020:

- Over 500,000 NHS patients have been seen in a Ramsay facility, with in excess of 11,000 urgent cancer procedures delivered on behalf of the NHS;
- Over 200 staff, who volunteered to work in nearby NHS intensive care units and palliative care wards, including the Nightingale Hospital at ExCeL London;
- Over 20 NHS services have been hosted within Ramsay facilities;
- Over 500 items of equipment, including ventilators, were provided to neighbouring trusts free of charge; and
- 13 new diagnostic imaging modalities have been purchased to support treatment of NHS patients.

Under the contract, Ramsay received operating cost recovery for the costs incurred in providing this support, plus an amount relating to infrastructure cost. Payments to Ramsay were made weekly in advance under the contract, ensuring that operational cash flow was maintained throughout the period of the contract.

The contract had an initial minimum term up to 28 June 2020, and continued on a rolling basis until 31 December 2020. A variation to the contract became effective on 1 July 2020 during the de-escalation period which allowed for the return of some capacity for private patient admissions and routine NHS elective admissions.

## Ramsay Health Care UK Operations Limited

### Strategic Report for the Year Ended 30 June 2021 (continued)

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#### **Operating performance (continued)**

In December 2020, the company entered into a volume based transition agreement with the NHS, which allowed Ramsay to make its services available to the NHS and its patients to meet the ongoing demands resulting from the pandemic, whilst also being able to provide some private patient activity. The new agreement replaced the cost recovery agreement with NHS, and came into effect on 1 January 2021. This agreement expired on 31 March 2021.

We continue to invest in the estate and opened our new Buckshaw Hospital in Preston in October 2021, have commenced an extension to our New Hall Hospital in Salisbury, and recently broke ground on our new Kettering Hospital in Northamptonshire, which should take their first patients in April 2023.

As a health care provider, we have an unwavering focus on improving clinical care and quality, and patient safety. It is very pleasing to see the patient satisfaction scores remain consistent with the very high level achieved last year. We are very proud to have been the first health care provider to introduce the Speak Up For Safety programme with the Cognitive Institute, and continue to embed our Promoting Professional Accountability peer review programme across the business - another first for our sector.

Ramsay's Executive Team continue to focus on improvement in all areas of the business and recognise the importance of maintaining strong relationships with doctors, patients, staff, health funds, NHS Commissioners and government. Staff engagement is fundamental to the ongoing success of the business and there continues to be strong emphasis within the business on fostering and developing the unique culture known as 'The Ramsay Way'.

The directors are focused on increasing volumes further and remain confident about the long term prospects for the UK business given the expectation for increasing demand for services. Determinants include an ageing population, continued medical advances, and our focus on expanding the range of procedures that can be delivered in our hospitals.

#### **Principal risks and uncertainties**

The Executive Team have continued to implement strategies to minimise risk across all areas of the business. The formal structure for risk management in the UK is a comprehensive national and local committee structure. The Executive Team take responsibility for monitoring and managing key areas of risk within the business relative to their scope of responsibility. A comprehensive Risk Framework exists and is regularly reviewed and updated each year. The organisation's Risk Register is updated on a regular basis, and individual facilities also have a local risk register.

The following areas have been identified as the major categories of risk and comprehensive strategies exist to minimise risk in each of these areas:

- Patient Care
- Financial
- Governance
- Information Management and Cybersecurity
- Regulatory Compliance
- Employee Risk
- Property and Supplies
- Natural Events

## Ramsay Health Care UK Operations Limited

### Strategic Report for the Year Ended 30 June 2021 (continued)

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#### **Legislative Risk**

The company is subject to both announced and unannounced inspections of all our hospital and neurological facilities and services by the Care Quality Commission (CQC), which regulates the organisation under the provisions set out in the Health and Social Care Act 2008 (Regulated Activities), Regulations 2014 and the Care Quality Commission (Registration) Regulations 2009. Where the CQC judge a provider to be non-compliant with one or more regulations, they have the power to impose penalties which include Fixed Penalty Offences of up to £4,000 per offence. Additionally, the breach of some regulations may lead to prosecution, an unlimited fine, and the possibility of personal liability. Enforcement action by the CQC may also lead to the revocation of their registration, which would prevent the facility from operating. During 2021 the company has maintained registration without any restrictions.

#### **COVID-19 Risks**

We continue to experience material additional costs arising from the complexities of delivering safe care in a pandemic environment, and this will continue as long as Coronavirus case numbers remain high in the UK. We have maintained safe patient pathways to prevent Coronavirus from entering our hospitals, and we have had to manage the disruption caused by both high staff and Consultant absences, together with short notice patient cancellations during the year. The impact on the company as assessed by management is outlined in the 'Review of the business' section above.

#### **Brexit**

Management continues to closely monitor and review the likely impact of Brexit, especially its impact on recruitment and on the supply-chain, both of which are considered key to the ongoing operation of the business. Strategies are in place to mitigate the potential effects on both of these areas. Management will continue to review the impact of Brexit for Ramsay.

#### **Financial risks**

##### **Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with financial liabilities as they fall due. The company mitigates liquidity risk by focusing on working capital management at individual hospital level and centrally, with particular focus on cash collection and improvement in the aged debt profile. The company can further mitigate this risk by the use of inter-company loans if needed.

##### **Credit risk**

Credit risk is the risk that one party to a financial instrument will cause financial loss for the other party by failing to discharge an obligation. The company has trade debtor balances with a number of Private Medical Insurance (PMI) providers and also the NHS through various Clinical Commissioning Groups (CCGs). In order to mitigate the risk of non-payment of debts by one of these PMI providers, the Company uses an agreed process of pre authorisation of insured patients. This process, working in conjunction with the PMI providers, enables authorisation of the treatment required by the patient prior to treatment taking place and therefore when the invoice is submitted the risk of non-payment is significantly reduced.

Following the conclusion of the NHS COVID support contracts on 31 March 2021, NHS work was undertaken under the Increasing Capacity Framework Agreements, which used the previous NHS Standard Contract as a basis for contracting, with minimal variations. The Increasing Capacity Framework Agreement includes provisions requiring the CCG to pay an agreed amount on a monthly basis based on the expected annual invoice value. There is then a periodic reconciliation process of treatments billed against the payment on account and a balancing adjustment payment is made.

## Ramsay Health Care UK Operations Limited

### Strategic Report for the Year Ended 30 June 2021 (continued)

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#### Financial risks (continued)

##### ***Credit risk (continued)***

This process ensures that a large part of the monthly NHS revenues are paid on account, with the balance being settled following reconciliation with the CCG, which can take some time. The balance due from the NHS is effectively amounts due to the company from Central Government. The company is confident that adequate processes are in place to reconcile and agree this amount, and it is not therefore considered to be at material risk. The main risk from the high NHS activity is effective management of cash flow arising from the reconciliation process to agree amounts due for payment from the respective CCGs to the company.

##### ***Operational risks***

The principal operational risks and uncertainties facing the business and where the business focused its attention during the year were identified as:

- Changes in government policy or funding systems;
- Employment and retention of competent and appropriately trained staff;
- Robustness of critical operating systems and processes;
- Appropriateness of facilities and infrastructure;
- Ability to meet regulation and licensing requirements; and
- Community reputation.

The company operates in a highly regulated sector. Operating within this regulatory framework, the company has well established governance, management and assurance systems to help mitigate risk, including:

- A clear organisational structure and committee structure with appropriate delegation of responsibility to operational management;
- A risk register which identifies significant risk and underpins effective risk management;
- A risk and incident reporting database and management tool with instant reporting to all levels of management;
- Clearly defined authority limits for both financial and non-financial commitments;
- Written operating procedures covering key areas of the business together with a structured system of financial reporting and review including annual budget setting, updated forecasts and a review of actual results against budget and forecast;
- A comprehensive framework for tracking and benchmarking clinical performance;
- A comprehensive Clinical Governance framework including strong audit processes; and
- Robust security systems to manage information within the business.

##### ***Market/Competition Risk***

There are regular meetings with key stakeholders in the business allowing any significant market risks to be highlighted and managed. Additionally, the company is always seeking opportunities to grow its business. The risk of a poor investment decision is managed through a structured process whereby the opportunities are clearly documented and evaluated financially, and challenged through a formal authorisation process to ensure that they meet not only the financial criteria but also the overall strategy for the business. All investments over £0.5m also require review and approval by the Development Board of Ramsay Health Care Limited; the ultimate parent company.

## Ramsay Health Care UK Operations Limited

### Strategic Report for the Year Ended 30 June 2021 (continued)

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#### **Training**

The company is committed to, and provides for, the training of its employees to give them the opportunity to fulfil their roles more effectively and to develop their skills and future prospects. Training covers both mandatory training as well as development training. The company operates a range of leadership programs to develop future leaders from within the business. There is also a programme of internal courses that are available to staff, allowing them to develop specific job related skills as well as providing general development. These are supported with external courses where appropriate. In keeping with technological advances, the company continues to develop and introduce a variety of training modules available to all staff via e-learning. This has evolved to encompass a more interactive and blended approach to learning. With the introduction of the Apprenticeship Levy in April 2017, the company continues to increase and broaden its training programme, offering apprenticeships to both new and existing employees. Apprenticeship qualifications are now available within Ramsay Health Care UK from Level 2 through to Level 6 degrees and Level 7 MBAs, and we are proud to note that we have over 170 staff currently enrolled in an Apprenticeship.

#### **Health and Safety and the Environment**

The company continually reviews appropriate internal compliance, policies and procedures, and has controls in place in respect of Health and Safety to minimise exposure to risk. Furthermore, the company acknowledges its business impact on the environment and regularly reviews its overall operational performance targets in reducing its carbon footprint through its commitment to environmental sustainability. In the current year the company reported an increase of 17% in its carbon emissions compared to the previous year (reduction of 12.5%). The increase was mainly due to additional sites commencing operations during the year and the impact of COVID on clinical activities (additional personal protective equipment and cleaning materials). There are regular performance reviews of Health and Safety and Environmental management, and trends are reviewed through our Facilities and Environmental, Health and Safety and Risk Management Committees.

#### **Modern Slavery Act Statement**

The Modern Slavery Act 2015 requires the company to prepare a statement on the steps it has taken to mitigate the risk of slavery or human trafficking in its business or supply chain. Ramsay Health Care UK's Modern Slavery Act Statement can be viewed via a link on its homepage, [www.ramsayhealth.co.uk](http://www.ramsayhealth.co.uk), under the 'Legal and Regulatory' tab.

#### **Credit Payment Policy**

It is the company's policy to have appropriate terms and conditions for transactions with suppliers (by means ranging from standard terms and conditions to specific negotiated contracts) and that in the absence of dispute, payments are made in accordance with those terms and conditions and conforming to the CBI Code of Best Practice. The effect of the company's payment policy is that trade creditors at 30 June 2021 represented 42 days (2020: 33 days) of purchases.

#### **Anti-Bribery & Corruption**

Ramsay Health Care UK, being defined as the UK group of Companies, is committed to the highest level of ethical behaviour and has zero tolerance to bribery and corruption. Ramsay Health Care UK requires compliance with all anti-bribery and corruption laws in all jurisdictions in which it operates.

The Board has oversight of its Anti-Bribery and Corruption Policy.

Ramsay Health Care UK policy and processes includes the following standards:

- no Ramsay Health Care UK entity or individual shall engage in bribery or corruption practices in any form, whether direct or indirect;
- no Ramsay Health Care UK entity or individual shall engage in bribery with a public official or private party; and

## Ramsay Health Care UK Operations Limited

### Strategic Report for the Year Ended 30 June 2021 (continued)

#### Anti-Bribery & Corruption (continued)

- no Ramsay Health Care UK entity or individual shall engage in the provision of a facilitation payment.

Ramsay Health Care UK policy and processes requires that all employees:

- act professionally, fairly and with integrity;
- apply appropriate due diligence and controls in accordance with policy, when engaging third party suppliers, to ensure that Ramsay Health Care complies with the letter and spirit of applicable anti-bribery legislation; and
- to report any circumstances immediately which are, or which they reasonably suspect may be, in breach of anti-bribery legislation.

#### Employee involvement

The company's philosophy is to encourage all of its employees to contribute to improving business performance through the utilisation of their knowledge, experience and ideas. Communication with employees individually is achieved through the in-house newsletter "The Ramsay Way", information bulletins, team briefings and regular management contact. Employee views are also sought via a biennial staff satisfaction survey and actions arising are identified and escalated through local engagement and innovation groups in each facility, made up of employee representatives.

#### Employment of disabled persons

The company gives full consideration to applications for employment from persons with a disability where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the role. Opportunities are available to all employees for training, career development and promotion.

Where existing employees acquire a disability, it is the group's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim. The company makes reasonable adjustments to roles, working conditions and the physical environment where this will facilitate continued employment.

#### Statement by the directors in performance of their statutory duties in accordance with s172(1) of Companies Act

The following statement describes how the directors have had regard to the matters set out in section 172(1)(a) to (f) when performing their duty under section 172 of the Companies Act 2006. When making decisions, each director ensures that they act in a way that they consider, in good faith, would most likely promote the company's success for the benefit of its members as a whole, and in doing so have regard (among other matters) to:

Section 172(1)	Overview of performance of statutory duties
(A) - The likely consequences of any decision in the long term	The directors have a deep understanding of the business and the evolving environment in which we operate. The directors use their knowledge of the business and the healthcare market to assess the long term impact of decisions.



## Ramsay Health Care UK Operations Limited

### Strategic Report for the Year Ended 30 June 2021 (continued)

Section 172(1)	Overview of performance of statutory duties
(A) - The likely consequences of any decision in the long term (continued)	<p>Consistent with the values of the Ramsay group, the directors recognise that maintaining sustainable levels of profitability are only part of the company's success, and that long-term success should be prioritised over short term financial gains. Ramsay has a long-term commitment to sustainability and intends to make a positive impact for current and future generations.</p>
(B) - The interests of the company's employees	<p>The directors understand that people are the key to the company's success. They are committed to fostering a work environment that is receptive and flexible, and to providing opportunities to shape standards and quality of care.</p> <p>The company's philosophy is to encourage all of its employees to contribute to improving business performance through the utilisation of their knowledge, experience and ideas.</p> <p>Communication with employees individually is achieved through the in-house newsletter "The Ramsay Way", information bulletins, team briefings and regular management contact. Employee views are also sought via a biennial staff satisfaction survey and actions arising are identified and escalated through local engagement and innovation groups in each facility, made up of employee representatives.</p>
(C) - The need to foster the company's business relationships with suppliers, customers and others	<p>The directors are cognisant of the need to continue to foster business relationships with stakeholders including patients, suppliers, funding partners and doctors and consider the interests of different stakeholder groups in decision-making. Ramsay believes in building constructive relationships to achieve positive outcomes for all.</p> <p>The directors are committed to ongoing improvement of patient care in all areas and have a focus on improvements that will keep the company at the forefront of health care delivery. As part of this, the directors recognise the importance of listening and responding to the needs of patients and evaluating and improving on performance (for example, through customer satisfaction surveys and formal feedback processes).</p> <p>The directors understand the needs and priorities of the company's different payor groups, (i.e. NHS, PMI and self-funded patients) steering the business to deliver the services required.</p> <p>Long term relationships with suppliers are recognised as key to the efficient operation of the business.</p>

## Ramsay Health Care UK Operations Limited

### Strategic Report for the Year Ended 30 June 2021 (continued)

Section 172(1)	Overview of performance of statutory duties
(C) - The need to foster the company's business relationships with suppliers, customers and others (continued)	<p>The directors also recognise the importance of the company being a trusted partner for doctors who help shape and inform the company's high quality health care services.</p>
(D) - The impact of the company's operations on the community and the environment	<p>The directors recognise that they have an enormous responsibility to ensure that we are maintaining the highest standards of quality, safety and sustainability. The Ramsay Way philosophy "People Caring for People" is the foundation of how we operate and our people are central to this.</p> <p>In 2021, the global business undertook a global review of its sustainability strategy, and developed some key focus areas under the banner of "Ramsay Cares" which aims to deliver stronger communities, healthier people and a greener planet. The directors are fully supportive and are fully engaged in this strategy.</p> <p>The "Ramsay Cares" sustainability programme focuses on three key pillars:</p> <p>Caring for our people; Caring for our communities; and Caring for our planet.</p> <p>The outcomes are reported annually in the impact report, which can be found on the website of Ramsay Health Care Limited as ultimate parent company (<a href="http://www.ramsayhealth.com/Sustainability/Overview">www.ramsayhealth.com/Sustainability/Overview</a>).</p> <p>The directors also apply the company's Sustainable Procurement policy which includes adherence to laws, ethical standards and international norms. The policy provides a way for Ramsay to manage the impact of the company's activities on sustainability, corporate governance, environmental impact and ethical trading.</p>
(E) - The desirability of the company maintaining a reputation for high standards of business conduct	<p>The directors manage the company using a set of core values known as the "Ramsay Way". This is our cultural backbone, which assists in guiding decision making that is both people and outcome focussed, while also balancing risk behaviours in both a financial and non-financial sense.</p>

# Ramsay Health Care UK Operations Limited

## Strategic Report for the Year Ended 30 June 2021 (continued)

Section 172(1)	Overview of performance of statutory duties
(E) - The desirability of the company maintaining a reputation for high standards of business conduct (continued)	<p>These values set expectations for behaviour and performance of Ramsay's directors and employees. The Ramsay Way includes being honest, reliable, consistent and trustworthy; valuing other people; taking pride and ownership in work practices, professionalism and service to the community, and focussing on growing the business whilst maintaining sustainable levels of profitability, providing a basis for stakeholder loyalty.</p> <p>A number of policies apply to the company that require the highest standards of business conduct, including a Code of Conduct, Human Rights and Labour Policy and Anti-Bribery and Corruption Policy.</p>
(F) - The need to act fairly between members of the company	<p>The immediate parent company for the UK group only has one shareholder.</p> <p>The directors determine the best course of action to deliver the corporate strategy with reference to the shareholder, changing market or economic factors, the company's employees' interests and the resources available to the business.</p>

Approved by the Board on 09 August 2022 and signed on its behalf by:



.....  
P Allen  
Director

# Ramsay Health Care UK Operations Limited

## Directors' Report for the Year Ended 30 June 2021

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The directors present their report and the financial statements for the year ended 30 June 2021.

### **Dividends**

An interim dividend of £5.25 million was paid during the year (2020: £nil). The directors do not recommend the payment of a final dividend (2020: £nil).

### **Going concern**

The company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives and its exposure to risks are described in the strategic report.

The company has an excess of current assets over current liabilities of £185.5m at 30 June 2021, (2020: excess of current assets over current liabilities of £141.5m) and is cash generative. The directors have carried out a detailed review of the cash flow forecasts covering the period to 31 August 2023. The latest projections show the Ramsay Health Care UK group of companies which include this company generating positive cash flows through the 12-month period from the date of this report. The company also has the continued support of its ultimate parent company, Ramsay Healthcare Limited. The ultimate parent company has confirmed that it will continue to support the company for a period of 12 months from the date the financial statements are signed. The directors have also assessed the ability of Ramsay Health Care Limited to support the Ramsay Health Care UK group of companies which include this company, and in light of the headroom available in most recent cash flow forecasts and further funding available under the group's syndicated debt facility, the directors have concluded that parent company has the ability to support.

On 20 April 2022, Ramsay Health Care Limited confirmed that it had received a conditional, non-binding, indicative proposal from a consortium of financial investors led by KKR to acquire 100% of the shares in Ramsay by way of a scheme of arrangement.

The funding to the Ramsay UK group of companies is guaranteed by Ramsay Health Care Limited. Whilst the KKR proposal is subject to a number of conditions, and the directors have no reason to believe that Ramsay Health Care Limited would not continue to support all companies in the UK group or renew the funding facilities, the letter of support provided by Ramsay Health Care Limited is only effective whilst the companies remain 100% owned subsidiaries of Ramsay Health Care Limited. The possibility that Ramsay Health Care Limited may be acquired by KKR creates uncertainties relating to the future funding and structure of the UK operations which the directors do not have visibility. This constitutes a material uncertainty which may cast significant doubt on the going concern of the company in the 12 month period to 31 August 2023.

Notwithstanding the material uncertainty described above, the directors have a reasonable expectation that the company will continue as a going concern. Accordingly, these financial statements have been prepared on a going concern basis and do not contain adjustments that would result if the company were unable to continue as a going concern.

### **Directors of the company**

The directors, who held office during the year, were as follows:

P Allen

A W Jones (resigned 21 March 2022)

The following director was appointed after the year end:

N J Costa (appointed 21 March 2022)

## Ramsay Health Care UK Operations Limited

### Directors' Report for the Year Ended 30 June 2021 (continued)

#### Future developments

The future development plans for the company are outlined in detail in the Strategic Report. There are no changes expected in the company's activities for the foreseeable future.

#### Statement by the directors on performance of their Statutory duties in accordance with s172(1)

The directors are fully appraised of their responsibilities under section 172 of the Companies Act 2006. In line with their duties under s172(1) Companies Act 2006, they act in a way they consider, in good faith, would most likely promote the success of the company for the benefit of its members as a whole, and in doing so, have regard to a range of matters when making decisions for the long term. How s172 has been applied by the directors is outlined in the Strategic Report.

#### Streamlined energy and carbon reporting for the Ramsay UK group

Ramsay Health Care in the UK has a network of 40 acute hospitals and day procedure centres providing a comprehensive range of clinical specialties to private and self-insured patients as well as to patients referred by the NHS. Ramsay UK also operates a diagnostic imaging service and provides neurological services through its three neuro-rehabilitation facilities. Ramsay UK cares for almost 200,000 patients per year and employs more than 7,300 staff.

Energy use type	FY2020/21 consumption	FY2020/21 emissions (tonne CO2 equivalent)	FY2019/20 consumption	FY2019/20 emissions (tonne CO2 equivalent)
Gas use in buildings	38,557,443 kWh	7,066	32,395,719 kWh	5,957
Generator diesel use	181,317 kWh	49	283,656 kWh	69
Leased vehicles^	780,177 km	196	633,260 km	99
Refrigerant gases	3,555 kg	7,357	3,177 kg	5,507
<b>Total Scope 1</b>	<b>38,738,760 kWh</b>	<b>14,668</b>	<b>32,679,375 kWh</b>	<b>11,632</b>
Electricity use in buildings (location-based)	29,318,401 kWh	6,225	27,917,419 kWh	6,509
Electricity use in buildings (market-based)	29,318,401 kWh	9,265	27,917,419 kWh	9,107
<b>Total Scope 2</b>	<b>29,318,401 kWh</b>	<b>6,225</b>	<b>27,917,419 kWh</b>	<b>6,509</b>
Water	192,511 m3	81	179,434 m3	188
Landfill*	2,063 tonne	964	590 kg	270
Diverted from landfill	1,211 tonne	26	2,084 kg	44
Transmission and distribution	29,318,401 kWh	551	27,917,419 kWh	559
<b>Total Scope 3</b>	<b>Not applicable</b>	<b>1,622</b>	<b>Not applicable</b>	<b>1,061</b>
<b>Total</b>	<b>Not applicable</b>	<b>22,515</b>	<b>Not applicable</b>	<b>19,202</b>

## Ramsay Health Care UK Operations Limited

### Directors' Report for the Year Ended 30 June 2021 (continued)

#### Streamlined energy and carbon reporting for the Ramsay UK group (continued)

^ Leased vehicles were incorrectly classified within Scope 3 in the prior year rather than Scope 1. The table above has been restated for 2019/20 to correct reflect leased vehicles within Scope 1.

\*The increase in landfill consumption is due to an increase in the quantity of PPE required to protect staff and patients during the COVID pandemic.

In order to facilitate future year on year comparison of emissions taking into account fluctuations in activity level Ramsay Health Care UK have calculated the intensity ratio of emissions per UK revenue and UK full time employee (FTE). This is based on the Group revenue of £567.7 million (2020 - £495.9 million) and the Group's FTEs of 5,736 (2020 - 4,305) for the year to 30 June 2021.

	Emissions per turnover FY2020/21 (tonne CO2 equivalent per £million)	Emissions per UK FTE FY2020/21 (tonne CO2 equivalent per FTE)	Emissions per turnover FY2019/20 (tonne CO2 equivalent per £million)	Emissions per UK FTE FY2019/20 (tonne CO2 equivalent per FTE)
Scope 1 and Scope 2	36.8	3.6	36.4	4.2
Total emissions	39.7	3.9	38.7	4.5

#### Energy efficiency action taken

In the year, Ramsay Health Care in the UK has undertaken the following energy efficiency measures:

- Entered into a renewable energy contract for all electricity used by Ramsay Health Care UK to start from 1 July 2021.
- Commenced switching off air handling plant where safe to do so to reduce energy.
- Commenced implementation of and improvements in building management system programmes across the estate.
- Continued to reinvest in LED lighting across the estate.

#### Methodology used for carbon footprint calculation

Ricardo Energy & Environment (an environmental consultancy firm) have worked closely with Ramsay Health Care since 2008. Ricardo has supported us with our carbon footprint which has been calculated using a methodology aligned with the principles of the Greenhouse Gas Protocol (GHG) Standard for Corporate Accounting and Reporting produced by the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI) - a globally recognised standard. The GHG Protocol Standard is one of the recommended methodologies under SECR guidelines. The footprint utilises UK Government conversion factors for the year of reporting. For energy use where figures were not already in kWh these have been converted using their density and Gross calorific value taken from the UK government GHG conversion factors fuel properties tab for the year of reporting. For Leased Vehicles this was based on the conversion factors for diesel, petrol and plug-in hybrid vehicles.

## Ramsay Health Care UK Operations Limited

### Directors' Report for the Year Ended 30 June 2021 (continued)

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#### **Streamlined energy and carbon reporting for the Ramsay UK group (continued)**

The data captured within this year's carbon footprint has predominantly been derived from a summary spreadsheet collated by Ramsay Health Care. This included an overview of consumption figures for electricity, gas, water, waste, generators, and refrigerant gas, which was demonstrated through annual totals depending on the site to which it had been attributed to. Carbon emissions emitted from vehicles have been calculated based on the miles per annum (MPA) driven by each vehicle, in addition to fuel type.

Ramsay's goals include reducing the environmental impact of the business. The use of single use plastics has been reviewed and so far, more than 1.5 million plastic and non-recyclable cups have been replaced with recyclable alternatives. The carbon footprint of the business will also reduce following a transition to 100% renewable electricity.

#### **Important non adjusting events after the financial period**

On 31 January 2022, the company's immediate parent, Ramsay Health Care Holdings UK Limited, acquired Elysium Healthcare via an investment in a new 100% owned subsidiary called Ramsay Elysium Holdings Limited. Ramsay Elysium Holdings Limited was incorporated on 30 November 2021. This entity acquired the entire issued share capital of Elysium Healthcare Group Limited (a Guernsey incorporated company) and P Health Debtco Limited on 31 January 2022.

In order to satisfy the consideration for the transaction, Ramsay Health Care Investments Pty Limited (Australia) loaned Ramsay Health Care (UK) Limited an additional sum of £787,700,000 (Purchase Price). Ramsay Health Care (UK) Limited loaned the same amount to Ramsay Health Care Holdings UK Limited, which in turn loaned the amount to Ramsay Elysium Holdings Limited.

#### **Disclosure of information to the auditor**

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

#### **Reappointment of auditor**

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

Approved by the Board on 09 August 2022 and signed on its behalf by:



.....  
P Allen  
Director

## Ramsay Health Care UK Operations Limited

### Corporate Governance Statement for the Year Ended 30 June 2021

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The directors recognise the importance of good governance in achieving the corporate objectives of the company in endeavouring to meet the expectations of the company's stakeholders and in executing the broader role of the company as a good corporate citizen.

In accordance with the requirements introduced by The Companies (Miscellaneous Reporting) Regulations 2018, this statement explains the company's governance framework, policies and procedures. The directors have not applied a formal governance code (for example, the UK Corporate Governance Code or the Wates Corporate Governance Principles for Large Private Companies) as this is considered less appropriate given the company is a wholly-owned subsidiary of Ramsay Health Care Limited (RHC) which is listed on the Australian Stock Exchange (ASX). RHC adopts the 4th Edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (ASX Recommendations) and companies in the RHC group (the group), including the company, have adopted policies and procedures to support the implementation of the ASX Recommendations.

The company has therefore adopted its own corporate governance arrangements which are designed to ensure that the company is effectively managed, that statutory obligations are met and that the culture of personal and corporate integrity – *The Ramsay Way* – is reinforced. The directors regularly review the company's governance policies and practices to ensure that they remain appropriate in light of changes in corporate governance expectations and developments.

The key features of the company's corporate governance arrangements are described below.

#### ***Purpose, culture and values***

The company is committed to delivering high quality health care services, seeking to make a genuine attempt to improve the quality of life of our patients, employees, their families, the local community and society at large.

In order to further these objectives, the directors seek to embed and maintain a culture of personal and corporate integrity, ensuring that the principles of *The Ramsay Way* are implemented in all aspects of its business, including decision-making by the directors. The key attributes and values contained in *The Ramsay Way* are described on page 10 and are further described on our website (<https://www.ramsayhealth.co.uk/about/the-ramsay-way>).

The company also adopts the RHC Code of Conduct which sets out the shared values of the company and the group and the expected standards of conduct. Other global RHC policies that apply to the company include the Human Rights and Labour Policy, and the Anti-Bribery and Corruption Policy. These policies are available on the RHC website ([www.ramsayhealth.com/Sustainability/Social](http://www.ramsayhealth.com/Sustainability/Social)). The company's approach to anti-bribery and corruption matters are described on page 7 of this report.

#### ***The role and responsibilities of the board of directors***

The directors are responsible for the oversight of the company's business and affairs and in particular, for the overall strategy, governance and performance of the company.

The board comprises two directors, with the necessary combination of skills, backgrounds, experience and knowledge to fulfil their roles and responsibilities. This composition is considered appropriate given the nature of the company's business and its operations as well as the fact that the company is a wholly-owned subsidiary of RHC. The directors are able to draw on the skills and experiences of members of the wider group, including the Managing Director & CEO and non-executive directors of RHC, to support effective decision-making and ensure constructive challenge.



## Ramsay Health Care UK Operations Limited

### Corporate Governance Statement for the Year Ended 30 June 2021 (continued)

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#### ***The role and responsibilities of the board of directors (continued)***

As is normal in a corporate group, the board of RHC has approved a scheme of delegation of functions to senior management. The company and its directors follow that scheme of delegation, which is found in the RHC Board Charter and available on the RHC website ([www.ramsayhealth.com/Sustainability/Governance](http://www.ramsayhealth.com/Sustainability/Governance)).

The directors are supported by a company secretary who facilitates effective corporate governance arrangements for the company, including the circulation of papers ahead of board meetings and producing minutes to record board decisions. The directors are also provided with ongoing professional development and training to enable them to develop and maintain their skills and knowledge. The company has procedures in place in relation to conflicts of interest.

#### ***Risk and internal control***

The directors are responsible for the company's risk management framework. They consider the relevant risks as part of their decision making processes, ensuring that mitigating steps are put in place as are appropriate and practical. The company's principal risks and uncertainties, and the risk management processes and procedures in place to support the directors, are described on pages 4 to 6. The directors are also supported by the UK risk management subcommittee, which forms part of the integrated risk management system and framework in place throughout the group, in relation to risk issues.

At a group level, the RHC Risk Management Committee assists the RHC Board with oversight of the financial and non-financial risks across the group, internal controls and systems, and processes for monitoring compliance with laws and regulations.

The group's UK Financial Governance Committee assists the directors in discharging their responsibilities to safeguard the integrity of the company's financial reporting and the system of internal controls. A key component of this committee's role is to provide advice and recommendations to the directors to assist them in fulfilling their responsibilities in regard to financial reporting, the internal control environment and audit management. The company also has an internal audit function to assist in the management of the company's risks.

#### ***Remuneration***

The RHC People and Remuneration Committee is responsible for considering group-wide remuneration policies and practices. This includes monitoring the implementation of the group's remuneration framework; approving major changes and developments in the remuneration policies and practices for the group; and considering the effectiveness of the group's policies and practices in relation to the attraction, motivation and retention of employees. The directors of the company support the People and Remuneration Committee's work in these areas as appropriate.

#### ***Relationships and engagement with stakeholders***

The company values strong relationships with its stakeholders, including employees, patients, doctors, suppliers, funding partners, government and regulators, and the community as a whole. It recognises that healthy working relationships and strong engagement lead to positive outcomes for all.

The Ramsay Way recognises that our people are the key to our success and the directors ensure that the company's workforce work in an environment that is receptive and flexible and have the opportunity to shape standards and quality of care. Further details on the directors' relationship and engagement with its employees is contained on pages 7 and 8.

## Ramsay Health Care UK Operations Limited

### Corporate Governance Statement for the Year Ended 30 June 2021 (continued)

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#### ***Relationships and engagement with stakeholders (continued)***

The company is proud of the considerable diversity that exists throughout its workforce and strives to create a culture that embraces the differences of ideas, perspectives and experiences. Further details on diversity is contained in RHC Corporate Governance Statement (<https://www.ramsayhealth.com/sustainability/governance/corporategovernancestatement2021>). Details of the group wide policies that the company has adopted relating to its workforce are available on the RHC website ([www.ramsayhealth.com/Sustainability/Social](http://www.ramsayhealth.com/Sustainability/Social)).

The directors seek to build constructive relationships to achieve with the company's suppliers. Further details on the company's supplier payment practice is set out on page 7 and the directors' engagement with its suppliers is discussed on page 9.

## Ramsay Health Care UK Operations Limited

### Statement of Directors' Responsibilities

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The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable United Kingdom 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 International Accounting Standards in conformity with the requirements of the Companies Act 2006. 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 for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company financial position and financial performance;
- in respect of the financial statements, state whether International accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors 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.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report and directors' report that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

## Independent Auditor's Report to the Members of Ramsay Health Care UK Operations Limited

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### Opinion

We have audited the financial statements of Ramsay Health Care UK Operations Limited for the year ended 30 June 2021, which comprise the Income Statement, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and the related notes 1 to 29, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

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

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

### Material uncertainty relating to going concern

We draw attention to note 2 in the financial statements where the directors highlight the potential financial consequences of the company's ultimate parent company Ramsay Health Care Limited receiving an indicative proposal from a consortium of investors. These events and conditions, along with the other matters as set forth in note 2, constitute a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- In conjunction with our walkthrough of the company's financial close process, we confirmed our understanding of management's Going Concern assessment process and also engaged with management early to ensure all key factors were considered in their assessment.
- We obtained management's going concern assessment, including the cash forecasts for the going concern period up to 31 August 2023. We agreed the opening cash position used in the model and tested the model for mathematical and clerical accuracy.
- We have considered whether the main assumptions included within the forecast, particularly over the extent to which trading would recover to pre- COVID-19 levels, were within a reasonable range based on expectations of the external environment as well as other matters identified in the audit.

## Independent Auditor's Report to the Members of Ramsay Health Care UK Operations Limited (continued)

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### Material uncertainty relating to going concern (continued)

- Using our understanding of the business, we evaluated the appropriateness of the methods used to calculate the cash forecasts by considering historical accuracy of management's forecasting through comparison to actual results.
- We considered the mitigating factors included in the cash forecasts that are within control of the company. This includes assessing the company's non-operating cash outflows and evaluating the company's ability to control these outflows as mitigating actions if required.
- We have performed reverse stress testing in order to identify what factors would lead to the company utilising all liquidity during the going concern period.
- The company relies on support from its ultimate parent company Ramsay Health Care Limited to continue as a going concern. Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included an assessment of the letter of support received from the ultimate parent company which covers a twelve month period from the date of approval of the financial statements. Our assessment of the ability of Ramsay Health Care Limited to provide the necessary financial support was as follows:
  - We held discussions and reviewed the work performed by the ultimate parent company's auditors to assess the ultimate parent company's ability to provide support to the company for a period of twelve months from the date of approval of the financial statements.
  - We also obtained an understanding and evidence of the funding and liquidity available to the ultimate parent company over the forecast period and reviewed the reverse stress tests performed by the parent company auditors to understand the sensitivities within the cash flow forecast.
  - We read publicly available information regarding the ultimate parent company and assessed whether there was any information contradictory to the directors' use of the going concern basis.
  - We assessed the appropriateness of the disclosures included in the annual report and accounts with respect to the use of the going concern assertion.
  - We observed that the ultimate parent company has sufficient operational and financial capabilities to provide support to the company over the going concern period based on the Directors' report, the publicly available information and the work performed by the ultimate parent company's auditors.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's/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 our report, we do not express any form of assurance conclusion thereon.

## Independent Auditor's Report to the Members of Ramsay Health Care UK Operations Limited (continued)

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### **Other information (continued)**

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

We have nothing to report in this regard.

### **Opinion on other matter 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

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

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

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

### **Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 18, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## Independent Auditor's Report to the Members of Ramsay Health Care UK Operations Limited (continued)

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

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined the most significant to be those relating to United Kingdom Generally Accepted Accounting Practice, the Companies Act 2006, and United Kingdom direct and indirect tax regulations. In addition, the company must comply with operational and employment laws and clinical regulations including health and safety regulations, environmental regulations and GDPR.
- We understood how the company is complying with those frameworks by making enquiries of senior finance personnel and those charged with governance and gaining an understanding of the entity level controls of the company in respect of these areas and the controls in place to reduce opportunity for fraudulent transactions.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management, and those charged with governance to understand where it considered there was susceptibility to fraud. We considered the procedures and controls that the company has established to address risks identified, or that otherwise prevent, deter and detect fraud and gained an understanding as to how those procedures and controls are implemented and monitored. We determined there to be a risk of management override in relation to the posting of non-standard manual journals in respect of revenue and improper revenue recognition related to revenue arrangements.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures included obtaining and reading board and management meeting minutes and relevant approval documents, enquiries of senior finance personnel and those charged with governance. To address the risk of management override, we have agreed a sample of manual journals to supporting source documentation. To address the risk of improper revenue recognition we have agreed accounting to revenue arrangements and ensured IFRS 15 criteria have been met. We have further challenged those areas of management judgement ensuring that revenue was only recognised when it was highly probable there would be no risk of significant reversal. This challenge was supported by information provided by an independent third party engaged by the customer to review the application of the revenue arrangements.

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.

## Independent Auditor's Report to the Members of Ramsay Health Care UK Operations Limited (continued)

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### Use of our report

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

*Ernst & Young LLP*

.....  
Anup Sodhi (Senior Statutory Auditor)  
For and on behalf of Ernst & Young LLP, Statutory Auditor  
Luton

10 August 2022  
Date:.....



# Ramsay Health Care UK Operations Limited

## Income Statement for the Year Ended 30 June 2021

	Note	2021 £ 000	2020 £ 000
<b>Revenue</b>	4	548,504	479,911
Cost of sales		<u>(318,645)</u>	<u>(284,094)</u>
<b>Gross profit</b>		229,859	195,817
Administrative expenses (including exceptional items)		<u>(180,782)</u>	<u>(173,942)</u>
<b>Operating profit</b>		<u>49,077</u>	<u>21,875</u>
<b>Exceptional items</b>			
Impairment of property, plant and equipment	5	-	(6,425)
Impairment of right of use assets	5	<u>-</u>	<u>(6,976)</u>
<b>Operating profit before exceptional items</b>	5	<u>49,077</u>	<u>35,276</u>
Finance income		195	509
Finance costs		<u>(45,129)</u>	<u>(45,038)</u>
Net finance cost	9	<u>(44,934)</u>	<u>(44,529)</u>
<b>Profit/(loss) before tax</b>		4,143	(22,654)
Income tax credit	10	<u>3,043</u>	<u>3,266</u>
<b>Profit/(loss) for the year</b>		<u><u>7,186</u></u>	<u><u>(19,388)</u></u>

The above results were derived from continuing operations.

### Statement of Comprehensive Income

No separate statement of comprehensive income has been presented because the company has no other comprehensive income other than the profit for the financial year.

Ramsay Health Care UK Operations Limited

(Registration number: 01532937)

Statement of Financial Position as at 30 June 2021

	Note	2021 £ 000	2020 £ 000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	160,922	163,701
Right of use assets	12	355,804	373,003
Intangible assets	13	9,091	-
Investments in subsidiaries	14	2,497	2,497
Deferred tax assets	10	33,217	29,650
		<u>561,531</u>	<u>568,851</u>
<b>Current assets</b>			
Inventories	15	26,005	28,058
Trade and other receivables	16	308,035	261,596
Income tax asset		806	231
Cash and cash equivalents	17	2,330	22,120
		<u>337,176</u>	<u>312,005</u>
Total assets		<u>898,707</u>	<u>880,856</u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	18	(41,215)	(41,215)
Retained earnings		<u>(12,205)</u>	<u>(10,269)</u>
Total equity		<u>(53,420)</u>	<u>(51,484)</u>
<b>Non-current liabilities</b>			
Long term lease liabilities	20	(683,688)	(650,521)
Provisions	19	(805)	(709)
Deferred income		(1,448)	(1,546)
Deferred tax liabilities	10	<u>(7,632)</u>	<u>(6,110)</u>
		<u>(693,573)</u>	<u>(658,886)</u>
<b>Current liabilities</b>			
Current portion of lease liabilities	20	(16,715)	(58,634)
Trade and other payables	21	<u>(134,999)</u>	<u>(111,852)</u>
		<u>(151,714)</u>	<u>(170,486)</u>
Total liabilities		<u>(845,287)</u>	<u>(829,372)</u>
Total equity and liabilities		<u>(898,707)</u>	<u>(880,856)</u>

The notes on pages 29 to 65 form an integral part of these financial statements.

Ramsay Health Care UK Operations Limited

(Registration number: 01532937)

Statement of Financial Position as at 30 June 2021 (continued)

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The financial statements were approved and authorised for issue by the Board on 09 August 2022 and signed on its behalf by:



.....  
P Allen  
Director

# Ramsay Health Care UK Operations Limited

## Statement of Changes in Equity for the Year Ended 30 June 2021

	Note	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 July 2020		41,215	10,269	51,484
Profit for the year		-	7,186	7,186
Total comprehensive income		-	7,186	7,186
Dividends	23	-	(5,250)	(5,250)
At 30 June 2021		41,215	12,205	53,420

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 July 2019	41,215	114,257	155,472
Change in accounting policy	-	(84,600)	(84,600)
At 1 July 2019 (As restated)	41,215	29,657	70,872
Loss for the year	-	(19,388)	(19,388)
Total comprehensive income	-	(19,388)	(19,388)
At 30 June 2020	41,215	10,269	51,484

### Share capital

The balance classified as equity share capital represents the aggregate nominal value of the company's equity shares in issue.

### Retained earnings

The profit and loss account reserve includes all current and prior period retained profits and losses.

# Ramsay Health Care UK Operations Limited

## Statement of Cash Flows for the Year Ended 30 June 2021

	Note	2021 £ 000	2020 £ 000
<b>Cash flows from operating activities</b>			
Profit/(loss) for the year		7,186	(19,388)
Adjustments to cash flows from non-cash items:			
Depreciation on property, plant and equipment	5	19,011	22,337
Depreciation on right of use assets	5	22,619	22,926
Impairment of property, plant and equipment	5	2,217	6,425
Impairment of right of use assets	5	-	6,976
Loss/(profit) on disposal of property plant and equipment	5	174	(146)
Finance income	9	(195)	(509)
Finance costs	9	45,129	45,038
Income tax expense	10	(3,043)	(3,266)
		<u>93,098</u>	<u>80,393</u>
Working capital adjustments:			
Decrease/(increase) in inventories	15	2,053	(18,194)
(Increase)/decrease in trade and other receivables	16	(24,570)	31,916
Increase in trade and other payables	21	28,102	2,847
Increase in provisions	19	96	19
Decrease in deferred income		<u>(98)</u>	<u>(98)</u>
Cash generated from operations		98,681	96,883
Income taxes received	10	<u>423</u>	<u>3,081</u>
Net cash flow from operating activities		<u>99,104</u>	<u>99,964</u>
<b>Cash flows from investing activities</b>			
Interest received	9	195	509
Acquisitions of property plant and equipment	11	(27,612)	(32,946)
Proceeds from sale of property plant and equipment		<u>(102)</u>	<u>200</u>
Net cash flows used in investing activities		<u>(27,519)</u>	<u>(32,237)</u>
<b>Cash flows from financing activities</b>			
Interest expense on leases	9	(45,129)	(45,038)
(Decrease)/increase in net receivables due from related parties	25	(26,824)	5,531
Payments to lease creditors	25	(14,172)	(11,762)
Dividends paid	23	<u>(5,250)</u>	<u>-</u>
Net cash flows used in financing activities		<u>(91,375)</u>	<u>(51,269)</u>
Net (decrease)/increase in cash and cash equivalents	25	(19,790)	16,458
Cash and cash equivalents at 1 July		<u>22,120</u>	<u>5,662</u>
Cash and cash equivalents at 30 June	17	<u>2,330</u>	<u>22,120</u>

The notes on pages 29 to 65 form an integral part of these financial statements.

# Ramsay Health Care UK Operations Limited

## Notes to the Financial Statements for the Year Ended 30 June 2021

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### **1 General information**

The company is a private company limited by share capital, incorporated and domiciled in United Kingdom.

The address of its registered office is:

Level 18, Tower 42  
25 Old Broad Street  
London  
EC2N 1HQ

### **2 Accounting policies**

#### **Statement of compliance**

The financial statements of the company have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006.

#### **Basis of preparation**

The financial statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

The company's financial statements are presented in pounds Sterling, rounded to thousands, which is considered to be the functional currency of the company.

#### **Exemption from preparing group accounts**

The financial statements contain information about Ramsay Health Care UK Operations Limited as an individual company and do not contain consolidated financial information as the parent of a group.

The company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Ramsay Health Care Limited, a company incorporated in Australia. Copies of the financial statements of Ramsay Health Care Limited are publicly available.

#### **Changes in accounting policy**

##### **New standards, interpretations and amendments effective**

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 30 June 2021 that have had a material impact on the company's financial statements. The company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

## Ramsay Health Care UK Operations Limited

### Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

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#### 2 Accounting policies (continued)

##### **New standards, interpretations and amendments not yet effective**

None of the standards, interpretations and amendments which are effective for periods beginning on or after 1 July 2021 and which have not been adopted early, are expected to have a material effect on the financial statements.

##### **Going concern**

The company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives and its exposure to risks are described in the strategic report.

The company has an excess of current assets over current liabilities of £185.5m at 30 June 2021, (2020: excess of current assets over current liabilities of £141.5m) and is cash generative. The directors have carried out a detailed review of the cash flow forecasts covering the period to 31 August 2023. The latest projections show the Ramsay Health Care UK group of companies which include this company generating positive cash flows through the 12-month period from the date of this report. The company also has the continued support of its ultimate parent company, Ramsay Healthcare Limited. The ultimate parent company has confirmed that it will continue to support the company for a period of 12 months from the date the financial statements are signed. The directors have also assessed the ability of Ramsay Health Care Limited to support the Ramsay Health Care UK group of companies which include this company, and in light of the headroom available in most recent cash flow forecasts and further funding available under the group's syndicated debt facility, the directors have concluded that parent company has the ability to support.

On 20 April 2022, Ramsay Health Care Limited confirmed that it had received a conditional, non-binding, indicative proposal from a consortium of financial investors led by KKR to acquire 100% of the shares in Ramsay by way of a scheme of arrangement.

The funding to the Ramsay UK group of companies is guaranteed by Ramsay Health Care Limited. Whilst the KKR proposal is subject to a number of conditions, and the directors have no reason to believe that Ramsay Health Care Limited would not continue to support all companies in the UK group or renew the funding facilities, the letter of support provided by Ramsay Health Care Limited is only effective whilst the companies remain 100% owned subsidiaries of Ramsay Health Care Limited. The possibility that Ramsay Health Care Limited may be acquired by KKR creates uncertainties relating to the future funding and structure of the UK operations which the directors do not have visibility. This constitutes a material uncertainty which may cast significant doubt on the going concern of the company in the 12 month period to 31 August 2023.

Notwithstanding the material uncertainty described above, the directors have a reasonable expectation that the company will continue as a going concern. Accordingly, these financial statements have been prepared on a going concern basis and do not contain adjustments that would result if the company were unable to continue as a going concern.

##### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

## Ramsay Health Care UK Operations Limited

### Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

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#### **2 Accounting policies (continued)**

##### **Revenue recognition**

The rendering of services and goods, all of which arises in the UK, represents the amounts derived from the provision of services to patients during the period and the associated goods or the provision of facilities and services to support the NHS with its national response to the COVID pandemic. Revenue from providing services is recognised in the accounting period in which the services are rendered. For revenue in respect of treating a patient, this is recognised on the patient's date of treatment as the performance obligation is satisfied on the day of treatment.

This revenue is recognised in the accounting period when the services are rendered at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers.

##### **Exceptional items**

The company presents as exceptional items on the face of the Income Statement, those material items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow the users of the financial statements a better understanding of the elements of financial performance in the period, so as to facilitate comparison with prior periods and to assess better trends in financial performance.

##### **Finance income and costs policy**

Finance income consists of income from cash investments and equivalents. Interest income is recognised in the income statement when earned, using the effective interest method.

Finance expense includes interest, amortisation of discounts or premiums related to borrowings and other costs incurred in connection with the arrangement of borrowings, together with foreign exchange gains and losses on loan balances denominated in foreign currencies. Financing costs are expensed as incurred.

##### **Tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.



## Ramsay Health Care UK Operations Limited

### Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

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#### 2 Accounting policies (continued)

##### Property, plant and equipment

Property, plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Cost comprises the aggregate amount paid to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended. All other repair and maintenance costs are recognised in the Income Statement as incurred.

##### Depreciation

Depreciation is charged so as to write off the cost of assets, other than assets in the course of construction, over their estimated useful lives as follows:

Asset class	Depreciation method and rate
Buildings and long leasehold	50 years straight line basis or over the period of the lease
Leasehold improvements	over the remaining life of the lease
Equipment, furnishing and motor vehicles	4 to 10 years straight line basis
Assets in the course of construction	not depreciated until in use
Right of use assets	over the life of the lease

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

##### Intangible assets

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the company are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

## Ramsay Health Care UK Operations Limited

### Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

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#### 2 Accounting policies (continued)

##### Intangible assets (continued)

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

##### Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Amortisation method and rate
Internally developed software costs	10% straight line basis

##### Investments

Investments are stated at cost less provisions for any impairment.

##### Impairment of non-financial assets

The carrying values of non-financial assets are reviewed at each reporting date to determine whether there is an indication of impairment. If any impairment loss arises, the asset value is adjusted to its estimated recoverable amount and the difference is recognised in the income statement.

An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

For assets where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined, net of depreciation, had no impairment losses been recognised for the asset or cash generating unit in prior years. A reversal of impairment is recognised immediately in the income statement, unless the asset is carried at a revalued amount when it is treated as a revaluation increase.

## Ramsay Health Care UK Operations Limited

### Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

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#### **2 Accounting policies (continued)**

##### **Trade receivables**

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method. At each reporting period an expected credit loss provision (ECL) is established for trade receivables based on forward looking information.

##### **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method.

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to make the sale; the impairment loss is recognised immediately in the income statement.

##### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

##### **Trade payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

##### **Borrowings**

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

## Ramsay Health Care UK Operations Limited

### Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

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#### 2 Accounting policies (continued)

##### **Provisions**

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

##### **Claims and disputes**

From time to time the company may be involved in legal or other disputes which may give rise to a present obligation at the reporting date. Provision is made for anticipated settlement costs where a reasonable estimate can be made of the likely outcome and of any cost to the company of settling claims. Costs associated with claims made by the company against third parties are charged to the income statement as they are incurred.

##### **Leases**

###### *Definition*

A lease is a contract, or a part of a contract, that conveys the right to use an asset or a physically distinct part of an asset ("the underlying asset") for a period of time in exchange for consideration. Further, the contract must convey the right to the company to control the asset or a physically distinct portion thereof. A contract is deemed to convey the right to control the underlying asset if, throughout the period of use, the company has the right to:

- Obtain substantially all the economic benefits from the use of the underlying asset, and;
- Direct the use of the underlying asset (e.g. direct how and for what purpose the asset is used)

Where contracts contain a lease coupled with an agreement to purchase or sell other goods or services (i.e., non-lease components), the non-lease components are identified and accounted for separately from the lease component. The consideration in the contract is allocated to the lease and non-lease components on a relative standalone price basis using the principles in IFRS15 'Revenue from Contracts with Customers'.

###### *Initial recognition and measurement*

The company initially recognises a lease liability for the obligation to make lease payments and a right of use asset for the right to use the underlying asset for the lease term.

The lease liability is measured at the present value of the lease payments to be made over the lease term. The present value of the lease payments to be made over the term of the lease are discounted using the rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. The lease payments include fixed payments, purchase options at exercise price (where payment is reasonably certain), expected amount of residual value guarantees, termination option penalties (where payment is considered reasonably certain) and variable lease payments that depend on an index or rate.

The right of use asset is initially measured at the amount of the lease liability, adjusted for lease prepayments, lease incentives received, the company's initial direct costs (e.g., commissions) and an estimate of restoration, removal and dismantling costs.

## Ramsay Health Care UK Operations Limited

### Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

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#### 2 Accounting policies (continued)

##### Leases (continued)

The company cannot readily determine the interest rate implicit in the leases, therefore, it uses its incremental borrowing rate to measure lease liabilities. The incremental borrowing rate is the rate of interest that the company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment.

##### *Subsequent measurement*

After the commencement date, the company measures the lease liability by:

- (a) Increasing the carrying amount to reflect interest on the lease liability;
- (b) Reducing the carrying amount to reflect the lease payments made; and
- (c) Re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in substance fixed lease payments or on the occurrence of other specific events.

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. Interest charges are included in finance costs in the profit and loss account, unless the costs are included in the carrying amount of another asset applying other applicable standards. Variable lease payments not included in the measurement of the lease liability, are included in operating expenses in the period in which the event or condition that triggers them arises. Right of use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight line basis. If the company is reasonably certain to exercise a purchase option, the right of use asset is depreciated over the underlying asset's useful life. Adjustments are made to the carrying value of the right of use asset where the lease liability is re-measured in accordance with the above. Right of use assets are tested for impairment in accordance with IAS 36 Impairment of assets.

##### *Lease modifications*

If a lease is modified, the modified contract is evaluated to determine whether it is or contains a lease. If a lease continues to exist, the lease modification will result in either a separate lease or a change in the accounting for the existing lease.

The modification is accounted for as a separate lease if both:

- (a) The modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- (b) The consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

If both of these conditions are met, the lease modification results in two separate leases, the unmodified original lease and a separate lease. The company then accounts for these in line with the accounting policy for new leases.

## Ramsay Health Care UK Operations Limited

### Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

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#### **2 Accounting policies (continued)**

##### **Leases (continued)**

###### *Lease modifications (continued)*

If either of the conditions are not met, the modified lease is not accounted for as a separate lease and the consideration is allocated to the contract and the lease liability is re-measured using the lease term of the modified lease and the discount rate as determined at the effective date of the modification.

For a modification that fully or partially decreases the scope of the lease (e.g., reduces the square footage of leased space), IFRS 16 requires a lessee to decrease the carrying amount of the right-of-use asset to reflect partial or full termination of the lease. Any difference between those adjustments is recognised in profit or loss at the effective date of the modification.

For all other lease modifications which are not accounted for as a separate lease, IFRS 16 requires the lessee to recognise the amount of the re-measurement of the lease liability as an adjustment to the corresponding right-of-use asset without affecting profit or loss.

###### *Short term and low value leases*

The company has made an accounting policy election, by class of underlying asset, not to recognise lease assets and lease liabilities for leases with a lease term of 12 months or less (i.e., short-term leases).

Lease payments on short term leases are accounted for on a straight line bases over the term of the lease or other systematic basis if considered more appropriate. Short term lease payments are included in operating expenses in the income statement.

##### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

##### **Dividends**

Dividend distribution to the company's shareholders is recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

## Ramsay Health Care UK Operations Limited

### Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

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#### **2 Accounting policies (continued)**

##### **Defined contribution pension obligation**

A defined contribution plan is a pension plan under which fixed contributions are paid into a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans contributions are paid publicly or privately administered pension insurance plans on a mandatory or contractual basis. The contributions are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

##### **Financial instruments**

###### **Initial recognition**

Financial assets and financial liabilities comprise all assets and liabilities reflected in the statement of financial position, excluding property, plant and equipment, intangible assets, deferred tax assets, prepayments, and deferred tax liabilities.

The company recognises financial assets and financial liabilities in the statement of financial position when, and only when, the company becomes party to the contractual provisions of the financial instrument. Financial assets are initially recognised at fair value. Financial liabilities are initially recognised at fair value, representing the proceeds received net of premiums, discounts and transaction costs that are directly attributable to the financial liability. Subsequent to initial measurement, financial assets and financial liabilities are measured at either amortised cost or fair value.

###### **Classification and measurement**

###### **Financial assets at amortised cost**

The company measures financial assets at amortised cost if both of the following conditions are met:

- the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If either of the above two criteria is not met, the financial assets are classified and measured at fair value through the profit or loss (FVTPL). This category is the most relevant to the company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the income statement. The losses arising from impairment are recognised in the income statement.

###### **Financial assets at fair value through the profit or loss (FVTPL)**

Financial assets not otherwise classified above are classified and measured as FVTPL.

The company has no financial assets measured at fair value through profit or loss.

## Ramsay Health Care UK Operations Limited

### Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

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#### **2 Accounting policies (continued)**

##### **Financial instruments (continued)**

###### **Financial liabilities at amortised cost**

Financial liabilities which are not held for trading nor designated as at fair value through profit or loss on initial recognition are subsequently measured at amortised cost using the effective interest (EIR) method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the income statement.

###### **Financial liabilities at fair value through the profit or loss**

Financial liabilities are classified as at fair value through profit or loss, when the financial liability is held for trading, or is designated as at fair value through profit or loss. Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

The company has no financial liabilities that are measured at fair value.

##### **Derecognition**

###### *Financial assets*

The company derecognises a financial asset when;

- the contractual rights to the cash flows from the financial asset expire,
- it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of the consideration received is recognised as a gain or loss in the income statement.

###### *Financial liabilities*

The company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.



## Ramsay Health Care UK Operations Limited

### Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

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#### **2 Accounting policies (continued)**

##### **Financial instruments (continued)**

###### **Impairment of financial assets**

The company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the company applies a simplified approach in calculating ECLs. Therefore, the company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the company may also consider a financial asset to be in default when internal or external information indicates that the company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

###### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

#### **3 Critical accounting judgements and key sources of estimation uncertainty**

The preparation of the financial statements requires judgements, estimations and assumptions to be made that affect the reported values of assets, liabilities, revenues and expenses. The nature of estimation means that the actual outcomes could differ from those estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

## Ramsay Health Care UK Operations Limited

### Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

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#### 3 Critical accounting judgements and key sources of estimation uncertainty (continued)

##### Deferred tax assets

Deferred tax assets are recognised for unused losses to the extent that it is probable that taxable profits will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of the deferred tax assets that can be recognised, based upon the likely timing of future taxable profits, together with future tax planning strategies. The carrying value of recognised tax losses at 30 June 2021 was £4,552,000 (2020: £6,142,000). There were no unrecognised tax losses at 30 June 2021 (2020: £nil).

##### Impairment losses

The impairment loss of £13,401,000 in the prior year was a result of the impairment in the carrying value of leasehold improvements and equipment, and right of use assets at under-performing units. The impairment loss was calculated by comparing the carrying value of the assets to the value of the expected future cash flows, discounted at the company's pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

##### Trade receivables

Trade receivables are regularly reviewed for impairment, based on the ageing profile of the trade receivables ledger. At the year end, £3,006,000 (2020: £3,802,000) of trade receivables were impaired and fully provided for.

##### Medical malpractice provisions

The medical malpractice provision is made to cover excesses arising under the medical malpractice insurance policy. This provision is actuarially assessed at each reporting period.

##### Lease accounting

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the company:

- Where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- Uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the company, which does not have recent third party financing; and
- Makes adjustments specific to the lease, e.g. term, currency and security.

## Ramsay Health Care UK Operations Limited

### Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

#### 3 Critical accounting judgements and key sources of estimation uncertainty (continued)

##### Right of use assets impairment

Right of use assets are considered for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. Where an indication of impairment is identified the estimation of recoverable value requires estimation of the recoverable value of cash generating units (CGUs). This requires estimation of future cash flows from the CGUs and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

##### NHS related revenue provision

During the year, a provision was established in respect of the uncertainty over the recovery of fees from NHSE for particular work carried out under the COVID support contract. Following the end of the financial year, all contractual amounts owing between the parties were settled.

##### Dilapidation and property related provisions

The amounts provided for dilapidations and other property related provisions reflect management's estimate of the net present value of future expenditure required under the company's property leases. The number of properties and the difficulties in predicting expenditure that will be required on return of a property to the landlord many years in the future requires considerable management judgement and estimation.

#### 4 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2021 £ 000	2020 £ 000
Rendering of services (all derived from the UK)	548,504	479,911
	2021 £ 000	2020 £ 000
Contract assets	11,397	2,996
Contract liabilities	-	7,300

Contract assets relate to revenue earned from services provided to Care Commissioning Groups. As such, the balance of this account varies and depends on the number and mix of services provided. No provision was recognised for expected credit losses on contract assets.

Contract liabilities represent payments received from Care Commissioning Groups ahead of services being provided.

# Ramsay Health Care UK Operations Limited

## Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

### 5 Operating profit

Arrived at after charging/(crediting)

	2021 £ 000	2020 £ 000
Depreciation on property, plant and equipment	19,011	22,337
Depreciation on right of use assets	22,619	22,926
Impairment of property, plant and equipment	2,217	-
Impairment loss (see below)	-	13,401
Lease expense - property	1,714	966
Lease expense - plant and machinery	3,226	2,985
Cost of inventories recognised as an expense	90,463	78,714
Loss/(profit) on disposal of property, plant and equipment	174	(146)
	<b>2021 £ 000</b>	<b>2020 £ 000</b>

### Exceptional items

Impairment of property, plant and equipment	-	6,425
Impairment of right of use assets	-	6,976
Impairment loss	-	13,401

The impairment loss in the prior year was as a result of the impairment in the carrying value of leasehold improvements and equipment, and right of use assets, at under-performing units. The impairment loss was calculated by comparing the carrying value of the assets to the value of the expected future cash-flows, discounted at the company's pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

### 6 Auditor's remuneration

	2021 £ 000	2020 £ 000
Audit of the financial statements	278	230
<b>Other fees to auditor</b>		
Audit of subsidiary financial statements	27	38
Taxation compliance services	-	69
All other non-audit services	-	30
	<b>27</b>	<b>137</b>

# Ramsay Health Care UK Operations Limited

## Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

### 7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2021 £ 000	2020 £ 000
Wages and salaries	156,076	136,052
Social security costs	13,372	11,134
Pension costs, defined contribution scheme	4,158	3,672
	<u>173,606</u>	<u>150,858</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2021 No.	2020 No.
Full-time	4,190	3,683
Part-time	2,691	2,184
	<u>6,881</u>	<u>5,867</u>

### 8 Directors' remuneration

The directors' remuneration for the year was as follows:

	2021 £ 000	2020 £ 000
Remuneration	951	611
Contributions paid to money purchase schemes	23	48
	<u>974</u>	<u>659</u>

During the year the number of directors who were receiving benefits was as follows:

	2021 No.	2020 No.
Accruing benefits under money purchase pension scheme	<u>1</u>	<u>1</u>

In respect of the highest paid director:

	2021 £ 000	2020 £ 000
Remuneration	716	434
Company contributions to money purchase pension schemes	-	48
	<u>716</u>	<u>482</u>

## Ramsay Health Care UK Operations Limited

### Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

#### 8 Directors' remuneration (continued)

##### Executive performance rights plan (equity)

An executive performance rights scheme was established in the ultimate parent company, Ramsay Health Care Limited, in January 2004 whereby Ramsay Health Care Limited may, at the discretion of its board of directors, grant rights over the ordinary shares of Ramsay Health Care Limited to all the executives of the Ramsay Health Care Limited group. These rights are issued for nil consideration and are granted in accordance with the plan's guidelines, established by the directors of Ramsay Health Care Limited. The rights cannot be transferred and will not be quoted on the Australian Stock Exchange. Non-Executive Directors are not eligible for this plan.

Information with respect to the number of rights granted under the executive performance rights plan for all the executives of the Ramsay Health Care Limited group can be found in the financial statements of the ultimate parent company Ramsay Health Care Limited.

In the current year, a cost of £228,000 (2020: £275,000) was recognised in the income statement with respect to the Executive performance rights scheme.

#### 9 Finance income and costs

	2021 £ 000	2020 £ 000
<b>Finance income</b>		
Interest received on cash pool borrowings and loans	195	509
<b>Finance costs</b>		
Interest expense on leases	(45,129)	(45,038)
Net finance costs	<u>(44,934)</u>	<u>(44,529)</u>

# Ramsay Health Care UK Operations Limited

## Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

### 10 Income tax

Tax credited in the income statement

	2021 £ 000	2020 £ 000
<b>Current taxation</b>		
UK corporation tax	202	1,075
UK corporation tax adjustment to prior periods	(1,200)	-
	<u>(998)</u>	<u>1,075</u>
<b>Deferred taxation</b>		
Arising from origination and reversal of temporary differences	1,782	(2,970)
Arising from changes in tax rates and laws	(6,140)	(2,165)
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	2,313	794
Total deferred taxation	<u>(2,045)</u>	<u>(4,341)</u>
Tax credit in the income statement	<u>(3,043)</u>	<u>(3,266)</u>

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2020 - lower than the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

	2021 £ 000	2020 £ 000
Profit/(loss) before tax	<u>4,143</u>	<u>(22,654)</u>
Corporation tax at standard rate	787	(4,304)
Adjustment in respect of prior periods - current tax	(1,200)	-
Non deductible expenses	688	1,591
Transfer pricing adjustment	509	818
Adjustment in respect of prior year - deferred tax	2,313	794
Rate changes	<u>(6,140)</u>	<u>(2,165)</u>
Total tax credit	<u>(3,043)</u>	<u>(3,266)</u>

The tax rate for the current year is the same as the prior year.

# Ramsay Health Care UK Operations Limited

## Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

### 10 Income tax (continued)

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate, to reduce the rate to 17% from 1 April 2020. In November 2019, the Prime Minister announced that he intended to cancel the future reduction in corporate tax rate from 19% to 17%. This was subsequently confirmed in the Budget in March 2020. In addition, in the Budget of March 2021, the Chancellor announced an increase in the corporation tax rate from 19% to 25% with effect from 1 April 2023. This was substantively enacted on 24 May 2021 and therefore deferred tax assets and liabilities at the year end have been measured at the enacted rate of 25%.

#### Deferred tax

Deferred tax assets and liabilities

	Asset	Liability	Net deferred tax
	£ 000	£ 000	£ 000
<b>2021</b>			
Accelerated tax depreciation	9,052	-	9,052
Tax losses carry-forwards	1,138	-	1,138
Provisions	403	-	403
Right of use assets	22,624	-	22,624
Capital gains rolled over	-	(7,632)	(7,632)
	<u>33,217</u>	<u>(7,632)</u>	<u>25,585</u>

	Asset	Liability	Net deferred tax
	£ 000	£ 000	£ 000
<b>2020</b>			
Accelerated tax depreciation	9,872	-	9,872
Tax losses carry-forwards	1,167	-	1,167
Provisions	331	-	331
Right of use assets	18,280	-	18,280
Capital gains rolled over	-	(6,110)	(6,110)
	<u>29,650</u>	<u>(6,110)</u>	<u>23,540</u>



# Ramsay Health Care UK Operations Limited

## Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

### 10 Income tax (continued)

Deferred tax movement during the year:

	At 1 July 2020 £ 000	Recognised in income £ 000	At 30 June 2021 £ 000
Accelerated tax depreciation	9,872	(820)	9,052
Tax losses carry-forwards	1,167	(29)	1,138
Provisions	331	72	403
Right of use assets	18,280	4,344	22,624
Capital gains rolled over	(6,110)	(1,522)	(7,632)
Net tax assets	<u>23,540</u>	<u>2,045</u>	<u>25,585</u>

Deferred tax movement during the prior year:

	At 1 July 2019 £ 000	Recognised in income £ 000	Recognised in equity £ 000	At 30 June 2020 £ 000
Accelerated tax depreciation	6,200	3,672	-	9,872
Tax losses carry-forwards	838	329	-	1,167
Provisions	296	35	-	331
Right of use assets	-	952	17,328	18,280
Capital gains rolled over	(5,463)	(647)	-	(6,110)
Net tax assets	<u>1,871</u>	<u>4,341</u>	<u>17,328</u>	<u>23,540</u>

The company has tax losses of approximately £4,552,000 as at 30 June 2021 (2020: £6,142,000) that are available indefinitely for offset against future taxable profits of the company in which the losses arose. Deferred tax assets have been recognised in respect of these losses as they may be used to offset future taxable profits.

# Ramsay Health Care UK Operations Limited

## Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

### 11 Property, plant and equipment

	Long leasehold land and buildings £ 000	Leasehold improvements £ 000	Equipment and vehicles £ 000	Assets in the course of construction £ 000	Total £ 000
<b>Cost</b>					
At 1 July 2019	153	139,983	204,866	25,643	370,645
Additions	-	-	-	32,946	32,946
Disposals	-	-	(273)	-	(273)
Transfers between categories	-	16,049	17,463	(33,512)	-
Reclassified as right of use assets <sup>1</sup>	-	(10,398)	-	-	(10,398)
At 30 June 2020	153	145,634	222,056	25,077	392,920
At 1 July 2020	153	145,634	222,056	25,077	392,920
Additions	-	-	-	27,612	27,612
Disposals	-	-	(956)	-	(956)
Transfers between categories	-	3,090	14,840	(17,930)	-
Transferred to intangible assets (note 13)	-	-	-	(11,096)	(11,096)
At 30 June 2021	153	148,724	235,940	23,663	408,480
<b>Depreciation and impairment</b>					
At 1 July 2019	(153)	(59,147)	(149,015)	(1,588)	(209,903)
Charge for the year	-	(6,109)	(16,228)	-	(22,337)
Eliminated on disposal	-	-	219	-	219
Impairment	-	(2,968)	(3,457)	-	(6,425)
Reclassified as right of use assets <sup>1</sup>	-	9,205	22	-	9,227
At 30 June 2020	(153)	(59,019)	(168,459)	(1,588)	(229,219)
At 1 July 2020	(153)	(59,019)	(168,459)	(1,588)	(229,219)
Charge for the year	-	(6,137)	(12,874)	-	(19,011)
Eliminated on disposal	-	-	884	-	884
Impairment	-	-	-	(2,217)	(2,217)
Transferred to intangible assets (note 13)	-	-	-	2,005	2,005
At 30 June 2021	(153)	(65,156)	(180,449)	(1,800)	(247,558)

# Ramsay Health Care UK Operations Limited

## Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

### 11 Property, plant and equipment (continued)

	Long leasehold land and buildings £ 000	Leasehold improvements £ 000	Equipment and vehicles £ 000	Assets in the course of construction £ 000	Total £ 000
<b>Carrying amount</b>					
At 30 June 2021	<u>-</u>	<u>83,568</u>	<u>55,491</u>	<u>21,863</u>	<u>160,922</u>
At 30 June 2020	<u>-</u>	<u>86,615</u>	<u>53,597</u>	<u>23,489</u>	<u>163,701</u>
At 1 July 2019	<u>-</u>	<u>80,836</u>	<u>55,851</u>	<u>24,055</u>	<u>160,742</u>

<sup>1</sup> Assets held under finance leases under IAS 17 were reclassified as right of use assets in accordance with IFRS 16 'Leases' with effect from 1 July 2019.

# Ramsay Health Care UK Operations Limited

## Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

### 12 Right of use assets

	Machinery £ 000	Property £ 000	Total £ 000
<b>Cost</b>			
Right of use assets recognised on transition to IFRS 16	587	710,396	710,983
Reclassified from property, plant and equipment <sup>1</sup>	-	10,398	10,398
Total right of use assets recognised on transition to IFRS 16	587	720,794	721,381
Modifications	-	(3,068)	(3,068)
Additions	132	12,854	12,986
Disposals	(11)	-	(11)
At 30 June 2020	708	730,580	731,288
At 1 July 2020	708	730,580	731,288
Additions	173	5,254	5,427
Disposals	(179)	-	(179)
At 30 June 2021	702	735,834	736,536
<b>Depreciation</b>			
Depreciation on right of use assets recognised on transition to IFRS 16	(248)	(328,255)	(328,503)
Reclassified from property, plant and equipment <sup>1</sup>	-	(9,227)	(9,227)
Total accumulated depreciation recognised on transition to IFRS 16	(248)	(337,482)	(337,730)
Modifications	-	9,339	9,339
Charge for the year	(142)	(22,784)	(22,926)
Eliminated on disposal	8	-	8
Impairment	(8)	(6,968)	(6,976)
At 30 June 2020	(390)	(357,895)	(358,285)
At 1 July 2020	(390)	(357,895)	(358,285)
Charge for the year	(147)	(22,472)	(22,619)
Disposals	172	-	172
At 30 June 2021	(365)	(380,367)	(380,732)
<b>Carrying amount</b>			
At 30 June 2021	337	355,467	355,804
At 30 June 2020	318	372,685	373,003

<sup>1</sup> Assets held under finance leases under IAS 17 within Property, plant and equipment (note 11) in prior years were reclassified as right of use assets in accordance with IFRS 16 'Leases' with effect from 1 July 2019.

# Ramsay Health Care UK Operations Limited

## Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

### 13 Intangible assets

	Goodwill £ 000	Software development costs £ 000	Total £ 000
<b>Cost</b>			
At 1 July 2019 and 30 June 2020	1,000	-	1,000
At 1 July 2020	1,000	-	1,000
Transferred from assets in the course of construction (note 11)	-	9,091	9,091
At 30 June 2021	1,000	9,091	10,091
<b>Amortisation</b>			
At 1 July 2019 and 30 June 2020	1,000	-	1,000
At 1 July 2020	1,000	-	1,000
At 30 June 2021	1,000	-	1,000
<b>Carrying amount</b>			
At 30 June 2021	-	9,091	9,091
At 30 June 2020	-	-	-
At 1 July 2019	-	-	-

During the year, software development costs of £9,091,000 relating to the electronic patient records project have been transferred from assets in the course of construction held within property, plant and equipment to intangible assets.

The software development costs are being written off on a straight line basis over 10 years from the date when the asset is available to use, as detailed in the accounting policies in note 2.

# Ramsay Health Care UK Operations Limited

## Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

### 14 Investments

£ 000

#### Cost

At 1 July 2019, 30 June 2020 and 30 June 2021 28,793

#### Provision

At 1 July 2019, 30 June 2020 and 30 June 2021 26,296

#### Carrying amount

At 30 June 2019, 30 June 2020 and 30 June 2021 2,497

Details of the investments as at 30 June 2021 are as follows:

Name	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2021	2020
Ramsay Health Care Leasing UK Limited	Dormant	Elizabeth House, Les Ruettes Brayes, St Peter Port, Guernsey, GY1 1EW United Kingdom	100%	100%
The Westbourne Centre Limited	Development and management of health care services	Level 18, Tower 42, 25 Old Broad Street, London, EC2N 1HQ United Kingdom	40%	40%
Clifton Park Hospital Limited	Development and management of health care services	Level 18, Tower 42, 25 Old Broad Street, London, EC2N 1HQ United Kingdom	51%	51%
Independent Medical (Group) Limited	Investment holding company	Level 18, Tower 42, 25 Old Broad Street, London, EC2N 1HQ United Kingdom	100%	100%
Exeter Medical Limited*	Development and management of health care services	Level 18, Tower 42, 25 Old Broad Street, London, EC2N 1HQ United Kingdom	100%	100%

\* indicates indirect investment of the company.

# Ramsay Health Care UK Operations Limited

## Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

### 15 Inventories

	2021 £ 000	2020 £ 000
Hospital and other supplies	<u>26,005</u>	<u>28,058</u>

The cost of inventories recognised as an expense in the year amounted to £90,463,000 (2020 - £78,714,000). This is included within cost of sales.

The amount of write-down of inventories recognised as an expense in the year is £Nil (2020 - £Nil).

### 16 Trade and other receivables

	Note	2021 £ 000	2020 £ 000
Trade receivables		21,221	8,136
Provision for impairment of trade receivables		<u>(3,006)</u>	<u>(3,802)</u>
Net trade receivables		18,215	4,334
Amounts receivable from group undertakings	27	268,190	246,321
Loans to group undertakings	27	300	300
Accrued income		13,204	-
Prepayments		6,076	9,897
Other receivables		<u>2,050</u>	<u>744</u>
		<u>308,035</u>	<u>261,596</u>

As at 30 June 2021, the company has contract assets of £11,397,000 (2020: £2,996,000).

For terms and conditions relating to receivables from group undertakings, refer to note 27.

Due to their short term nature, the fair value of trade and other receivables is not materially different from the carrying value. Trade receivables are non-interest bearing and are generally on 30-45 day terms.

The company's exposure to credit and market risks, including impairments and allowances for credit losses, relating to trade and other receivables is disclosed in the Financial risk review (note 26).

Trade receivables above include amounts (detailed below) that are past due at the end of the reporting period and which an allowance for doubtful debts has not been recognised as the amounts are still considered recoverable and there has not been a significant change in credit quality.

# Ramsay Health Care UK Operations Limited

## Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

### 16 Trade and other receivables (continued)

	2021 £ 000	2020 £ 000
<b>Age of trade receivables not impaired</b>		
Neither past due nor impaired	53,955	7,040
Unallocated cash	(81,870)	(22,546)
0 to 30 days	29,605	860
31 to 60 days	15,568	2,244
61 to 180 days	3,963	20,538
	<u>21,221</u>	<u>8,136</u>

The company receives payments on account for its NHS customers. These are included in unallocated cash until the monthly activity values are reconciled and agreed with the NHS. The provision for impairment of trade receivables (analysed below) is the difference between the carrying value and the present value of the expected proceeds.

#### Age of impaired trade receivables

	2021 £ 000	2020 £ 000
Over 60 days	<u>3,006</u>	<u>3,802</u>

	2021 £ 000	2020 £ 000
<b>Movements on the provision for impairment of trade receivables</b>		
Balance at 1 July	3,802	4,653
Transfer to 12 month ECL	(796)	(851)
Balance at 30 June	<u>3,006</u>	<u>3,802</u>

For trade receivables, the company has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The company determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix.

### 17 Cash and cash equivalents

	2021 £ 000	2020 £ 000
Cash at bank	<u>2,330</u>	<u>22,120</u>

Cash at bank earns interest at floating rates based on daily bank deposit rates.

### 18 Share capital

The authorised share capital of the company is 50,000,000 Ordinary shares of £1 each. All shares carry one vote per share. There are no restrictions applied to the Ordinary shares.



# Ramsay Health Care UK Operations Limited

## Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

### 18 Share capital (continued)

#### Allotted, called up and fully paid shares

	No.	2021 £	No.	2020 £
Ordinary shares of £1 each	<u>41,215,227</u>	<u>41,215,227</u>	<u>41,215,227</u>	<u>41,215,227</u>

### 19 Other provisions

	<b>Insurance provision £ 000</b>
At 1 July 2020	709
Increase in existing provisions	<u>96</u>
At 30 June 2021	<u>805</u>
Non-current liabilities	<u>805</u>
Current liabilities	<u>-</u>
<b>At 30 June 2020</b>	<b>Insurance provision £ 000</b>
Non-current liabilities	<u>709</u>
Current liabilities	<u>-</u>

#### Insurance provision

Insurance policies are entered into to cover various insurable risks. These policies have varying levels of deductibles. The medical malpractice provision is made to cover excesses arising under the medical malpractice insurance policy. This provision is actuarially assessed at each reporting period.

# Ramsay Health Care UK Operations Limited

## Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

### 20 Leases

	2021 £ 000	2020 £ 000
Current portion of lease liabilities	16,715	58,634
Long term lease liabilities	683,688	650,521
	<u>700,403</u>	<u>709,155</u>

### Lease liabilities maturity analysis

A maturity analysis of lease liabilities based on undiscounted gross cash flow is reported in the table below:

	2021 £ 000	2020 £ 000
Less than one year	60,837	58,628
2 to 5 years	258,071	250,240
More than 5 years	829,954	889,081
Total lease liabilities (undiscounted)	1,148,862	1,197,949
Impact of finance expenses	(448,459)	(488,794)
	<u>700,403</u>	<u>709,155</u>
Carrying amount of lease liability		

### Total cash outflows related to leases

Total cash outflows related to leases are presented in the table below:

	2021 £ 000	2020 £ 000
<b>Payment</b>		
Right of use assets	14,172	11,762
Interest	45,129	45,038
Low value and short term leases	4,940	3,951
Total cash outflow	<u>64,241</u>	<u>60,751</u>

The short term lease commitments of the company as at the year end are £nil (2020 - £nil). The company has elected to apply paragraph 6 of IFRS 16 and has recognised the lease payments associated with short term leases as an expense.

## Ramsay Health Care UK Operations Limited

### Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

#### 21 Trade and other payables

	Note	2021 £ 000	2020 £ 000
Trade payables		30,803	22,051
Accrued expenses		39,725	24,712
Amounts payable to group undertakings	27	42,028	46,983
Social security and other taxes		5,084	4,485
Other payables		13,327	13,621
Deferred income		4,032	-
		<u>134,999</u>	<u>111,852</u>

The terms and conditions of the above financial liabilities are:

- Trade payables are non-interest bearing and are normally settled on 30-45 day terms;
- Other payables are non-interest bearing and have an average term of three months; and
- For terms and conditions relating to amounts payable to group undertakings, refer to note 27.

As at 30 June 2021, the company has contract liabilities of £nil (2020: £7,300,000).

Due to the short-term nature of the trade and other payables, their carrying amount is considered to be the same as their fair value.

The company's exposure to market and liquidity risks, including maturity analysis, related to trade and other payables is disclosed in the Financial risk review (note 26).

#### 22 Pension and other schemes

##### Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £4,158,000 (2020 - £3,672,000).

#### 23 Dividends

	2021 £ 000	2020 £ 000
Interim dividend of £0.1274 (2020 - £Nil) per ordinary share	<u>5,250</u>	<u>-</u>

# Ramsay Health Care UK Operations Limited

## Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

### 24 Commitments

#### Capital commitments

The total amount contracted for but not provided in the financial statements was £2,298,000 (2020 - £1,201,000).

### 25 Reconciliation of liabilities arising from financing activities

		At 1 July 2020 £ 000	Cash flows £ 000	Non-cash changes New leases £ 000	At 30 June 2021 £ 000
	Note				
<b>Cash and cash equivalents</b>					
Cash	17	22,120	(19,790)	-	2,330
		22,120	(19,790)	-	2,330
<b>Borrowings</b>					
Amounts payable to group undertakings	21	(46,983)	4,955	-	(42,028)
Amounts receivable from group undertakings	16	246,621	21,869	-	268,490
Lease liabilities	20	(709,155)	14,172	(5,420)	(700,403)
		(509,517)	40,996	(5,420)	(473,941)
		(487,397)	21,206	(5,420)	(471,611)

# Ramsay Health Care UK Operations Limited

## Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

### 25 Reconciliation of liabilities arising from financing activities (continued)

		Non-cash changes					
		At 1	Cash	Liabilities	New	Lease	At 30
		July	flows	recognised	leases	modi	June
		2019		on		-fications	2020
		£ 000	£ 000	transition	£ 000	£ 000	£ 000
				to IFRS			
				16			
				£ 000			
Note							
<b>Cash and cash equivalents</b>							
Cash	17	5,662	16,458	-	-	-	22,120
		5,662	16,458	-	-	-	22,120
<b>Borrowings</b>							
Amounts payable to group undertakings	21	(42,081)	(4,902)	-	-	-	(46,983)
Amounts receivable from group undertakings	16	247,250	(629)	-	-	-	246,621
Lease liabilities	20	(1,917)	11,762	(699,746)	(12,983)	(6,271)	(709,155)
		203,252	6,231	(699,746)	(12,983)	(6,271)	(509,517)
		<u>208,914</u>	<u>22,689</u>	<u>(699,746)</u>	<u>(12,983)</u>	<u>(6,271)</u>	<u>(487,397)</u>

### 26 Financial risk review

This note presents information about the company's exposure to financial risks and the company's management of capital.

The company's principal financial liabilities comprise of trade payables, lease liabilities and intercompany borrowings. The main purpose of these financial liabilities is to raise finance for the company's operations. The company has various financial assets such as trade receivables, cash and bank balances, and short term deposits, which arise directly from its operations.

It is, and has been throughout the year ended 30 June 2021 the company's policy that no trading in derivatives should be undertaken.

The main risks arising from the company's financial instruments are cash flow interest rate risk, liquidity risk and credit risk. The Board of Directors review and agree policies for managing each of these risks which are set out in the discussion of risks and uncertainties in the strategic report.

# Ramsay Health Care UK Operations Limited

## Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

### 26 Financial risk review (continued)

#### Credit risk

The company trades only with recognised, creditworthy third parties. It is the company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the company's exposure to bad debts is not significant. The maximum exposure is the carrying amount as disclosed in note 16. There are no significant concentrations of credit risk within the company.

With respect to credit risk arising from the other financial assets of the company, which comprise cash and cash equivalents, the company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

#### Interest rate risk

The company's exposure to the risk of changes in market interest rates relates primarily to the company's arrangements in respect of its bank balance.

The bank balance is subject to a floating rate of interest.

#### Interest Rate Risk Table

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the company's profit before tax (through the impact on floating rate borrowings).

	<i>Effect on Profit/(loss) before tax</i>	<i>Effect on Profit/(loss) after tax</i>
<i>Increase/(decrease) in basis points</i>	<i>£000</i>	<i>£000</i>
30 June 2021		
+100	122	99
-100	(122)	(99)
30 June 2020		
+100	139	113
-100	(139)	(113)

The assumed movement in basis points for the interest rate sensitivity analysis is considered reasonable, given the market forecasts available at the reporting date and the current economic environment in which the company operates.

The movements in profit are due to higher / lower interest costs from variable rate debt and cash balances.

# Ramsay Health Care UK Operations Limited

## Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

### 26 Financial risk review (continued)

#### Liquidity risk

The company's objective is to maintain a balance between continuity of funding and flexibility through its bank balances, and use of the Ramsay Group syndicated loan facility. Funding for non-routine capital spend is financed by the parent company under the Ramsay Group syndicated loan facility.

The table below summarises the maturity profile of the company's financial liabilities based on contractual undiscounted payments.

However, where the counterparty has a choice of when the amount is paid, the liability is allocated to the earliest period in which the company can be required to pay.

The company ensures that sufficient liquid assets are available to meet all the required short-term payments.

#### Maturity analysis for financial liabilities

The following tables set out the remaining contractual maturities of the company's financial liabilities by type.

	On demand £000	Less than 3 months £000	3 to 12 months £000	1 to 5 years £000	In more than 5 years £000	Total £ 000
<b>2021</b>						
<b>Non-derivative liabilities</b>						
Trade and other payables	-	92,971	-	-	-	92,971
Amounts payable to group undertakings	42,028	-	-	-	-	42,028
Deferred income	-	-	-	488	960	1,448
Lease liabilities	-	4,182	12,545	94,416	589,260	700,403
	<u>42,028</u>	<u>97,153</u>	<u>12,545</u>	<u>94,904</u>	<u>590,220</u>	<u>836,850</u>

## Ramsay Health Care UK Operations Limited

### Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

#### 26 Financial risk review (continued)

	On demand £000	Less than 3 months £000	3 to 12 months £000	1 to 5 years £000	In more than 5 years £000	Total £ 000
<b>2020</b>						
<b>Non-derivative liabilities</b>						
Trade and other payables	-	58,385	6,484	-	-	64,869
Amounts payable to group undertakings	46,983	-	-	-	-	46,983
Deferred income	-	-	-	488	1,058	1,546
Lease liabilities	-	3,577	10,730	82,157	612,691	709,155
	<u>46,983</u>	<u>61,962</u>	<u>17,214</u>	<u>82,645</u>	<u>613,749</u>	<u>822,553</u>

#### Capital risk management

The primary objective of the company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year ending 30 June 2021.

#### 27 Related party transactions

##### Key management personnel

Key management personnel are considered to be executives from the ultimate parent company, who receive no compensation from this company. Compensation paid to key management personnel is disclosed in the group financial statements of Ramsay Health Care Limited.

##### Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made at normal market prices. Outstanding trading balances at the period end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 30 June 2021 the company has not recorded any impairment of receivables relating to amounts owed by related parties (2020: £nil). This assessment is undertaken each financial period through examining the financial position of the related party and the market in which the related party operates.



# Ramsay Health Care UK Operations Limited

## Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

### 27 Related party transactions (continued)

#### Income and receivables from group undertakings

	Parent £ 000	Subsidiary £ 000	Other group undertakings £ 000	Total £ 000
<b>2021</b>				
Amounts receivable from group undertakings	267,355	684	151	268,190
<b>2020</b>				
Recharge of expenses	-	328	-	328
Amounts receivable from group undertakings	245,345	825	151	246,321

#### Expenditure with and payables to group undertakings

	Parent £ 000	Subsidiary £ 000	Other group undertakings £ 000	Total £ 000
<b>2021</b>				
Purchase of goods	1,501	-	7,480	8,981
Amounts payable to group undertakings	373	590	41,065	42,028
<b>2020</b>				
Purchase of goods	1,501	-	7,480	8,981
Amounts payable to group undertakings	481	-	46,502	46,983

The company has intercompany loan receivable balances of £75m and £85m respectively with its parent Ramsay Health Care Holdings UK Limited. Both loans accrue interest at a rate of 1.95% on the aggregate outstanding principal amount on the basis of a 360-day year and the actual number of days elapsed up to and including the respective repayment date. The company has waived its right to receive the interest in accordance with clause 3.1 of the loan agreements.

#### Loans to group undertakings

	Subsidiary £ 000
<b>2021</b>	
At the start and end of the period	300
<b>2020</b>	
At the start and the end of period	300

## Ramsay Health Care UK Operations Limited

### Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

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#### **27 Related party transactions (continued)**

##### **Terms of loans to group undertakings**

The loan is due from the company's subsidiary undertaking, Clifton Park Hospital Limited. The loan is repayable on demand and is interest free.

#### **28 Parent and ultimate parent undertaking**

The company's immediate parent is Ramsay Health Care Holdings UK Limited.

The ultimate parent and controlling party is Ramsay Health Care Limited, a company registered in Australia.

The most senior parent entity, within which the results of the company are included, producing publicly available consolidated group financial statements is Ramsay Health Care Limited. These financial statements are available upon request from Ramsay Health Care Limited, Level 18, 126 Phillip Street, Sydney, NSW, 2000, Australia.

#### **29 Non adjusting events after the financial period**

On 31 January 2022, the company's immediate parent, Ramsay Health Care Holdings UK Limited, acquired Elysium Healthcare via an investment in a new 100% owned subsidiary called Ramsay Elysium Holdings Limited. Ramsay Elysium Holdings Limited was incorporated on 30 November 2021. This entity acquired the entire issued share capital of Elysium Healthcare Group Limited (a Guernsey incorporated company) and P Health Debtco Limited on 31 January 2022.

In order to satisfy the consideration for the transaction, Ramsay Health Care Investments Pty Limited (Australia) loaned Ramsay Health Care (UK) Limited an additional sum of £787,700,000 (Purchase Price). Ramsay Health Care (UK) Limited loaned the same amount to Ramsay Health Care Holdings UK Limited, which in turn loaned the amount to Ramsay Elysium Holdings Limited.