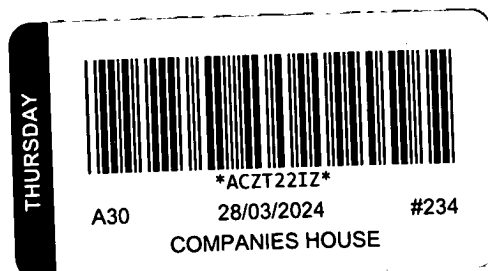


Registration number: 01532937

Ramsay Health Care UK Operations Limited

Report and Financial Statements
for the Year Ended 30 June 2023



Ramsay Health Care UK Operations Limited

Company Information

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Ramsay Health Care UK Operations Limited

Strategic Report for the Year Ended 30 June 2023

The director presents his strategic report for the year ended 30 June 2023.

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 £1,427,000 (2022: loss of £53,799,000). During the year a dividend of £Nil was paid (2022: £Nil).

Review of the business

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

	Unit	2023	2022
Revenue	£000	609,153	546,501
Total operating profit/(loss)	£000	39,421	(21,316)
Profit/(loss) for the year after tax	£000	1,427	(53,799)
Total equity	£000	1,048	(379)
Net cash inflows from operating activities	£000	78,359	37,321
Patient satisfaction	%	85	95
Average number of employees	No.	6,282	6,889

Operating performance

There was an operating profit of £39.4m for the year ended 30 June 2023 (2022: operating loss of £21.3m). The prior year loss was primarily driven by the challenges and financial impacts in respect of COVID. Additionally, in the prior year, there was a write down of inventories of £11.5m. The operating profit for the year to 30 June 2023 was due to the reducing impact of COVID alongside an improved trading performance. In the year to 30 June 2023, we have seen increases in year-on-year admissions alongside the success of ongoing operational excellence initiatives.

The company has a net asset position of £1.0m (30 June 2022: net liability of £0.4m). Looking forward, the focus is on increasing volumes further and the directors 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.

We continue to invest in the estate. In September 2023, our brand-new, state-of-the-art, day case facility, Glendon Wood Hospital in Kettering opened. The hospital will provide services including diagnostics, endoscopy, ENT, ophthalmology, foot and ankle surgery and pain management for privately insured, self-paying and NHS patients within the local community and further afield.

As a health care provider, we have an unwavering focus on improving clinical care and quality, and patient safety. We remain proud of our patient satisfaction scores that we have built up over many years and reflect consistently high performance. Our Speak Up For Safety programme continues to support our patient first approach and clinical excellence, and Ramsay's global net zero emissions ambition is on track for 2040. Our UK Social Impact report details the many initiatives we are driving that are focused on fostering healthier people, stronger communities and a thriving planet.

Ramsay Health Care UK Operations Limited

Strategic Report for the Year Ended 30 June 2023 (continued)

Operating performance (continued)

Our unique culture known as 'The Ramsay Way' means we continue to place emphasis on nurturing first-class relationships with doctors, staff, health funds, NHS Commissioners, and government, as well as strive for constant improvement and sustainable growth. As the UK looks for solutions to growing waiting lists, we are fully committed to working with our partners in the healthcare industry to play our part and make a positive contribution.

Principal risks and uncertainties

The Executive Team have continued to implement strategies that aim to mitigate 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 that aim to mitigate risk in each of these areas:

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

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 2022-2023 the company has maintained registration without any restrictions.

Ukraine conflict

The recent conflict in Ukraine has had limited direct impact on the business as the company's primary target market is the United Kingdom. Trade debt balances and cash movements with both Russia and Ukraine are not material to the company's performance.

Ramsay Health Care UK Operations Limited

Strategic Report for the Year Ended 30 June 2023 (continued)

Principal risks and uncertainties (continued)

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.

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.

Ramsay Health Care UK Operations Limited

Strategic Report for the Year Ended 30 June 2023 (continued)

Principal risks and uncertainties (continued)

Financial risks (continued)

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 Integrated Care Boards (ICBs). ICBs replaced Clinical Commissioning Groups in the NHS in England from 1 July 2022. 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.

NHS work was undertaken under the NHS Standard Contract which includes provisions requiring the ICB 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.

The process ensures a large part of the monthly NHS revenues are paid on account, with the balance being settled following reconciliation with the ICB, 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 ICBs to the company.

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 (2022: 173) staff currently enrolled in an Apprenticeship.

Ramsay Health Care UK Operations Limited

Strategic Report for the Year Ended 30 June 2023 (continued)

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 that aim to mitigate 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 6.4% (when compared with the data that has prior year comparatives as shown in the section entitled streamlined energy and carbon reporting) in its carbon emissions compared to the previous year (decrease of 21.5%). The increase is due to an increase in activity and admissions by the company. There are regular performance reviews of the 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 for the year ended 30 June 2023 can be viewed via <https://www.ramsayhealth.co.uk/legal-and-regulatory>.

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 2023 represented 37 days (2022: 44 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
- 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.

Ramsay Health Care UK Operations Limited

Strategic Report for the Year Ended 30 June 2023 (continued)

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 director in performance of statutory duties in accordance with s172(1) of Companies Act

The following statement describes how the director has had regard to the matters set out in section 172(1)(a) to (f) when performing their duties under section 172 of the Companies Act 2006. When making decisions, the 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	<p>The director has a deep understanding of the business and the evolving environment in which we operate. The director uses his knowledge of the business and the healthcare market to assess the long term impact of decisions.</p> <p>Consistent with the values of the Ramsay group, the director recognises 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>

Ramsay Health Care UK Operations Limited

Strategic Report for the Year Ended 30 June 2023 (continued)

Section 172(1)	Overview of performance of statutory duties
(B) - The interests of the company's employees	<p>The director understands that people are the key to the company's success. He is 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.</p> <p>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 director is 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 director is committed to ongoing improvement of patient care in all areas and has a focus on improvements that will keep the company at the forefront of health care delivery. As part of this, the director recognises 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 director understands 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> <p>The director also recognises 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>

Ramsay Health Care UK Operations Limited

Strategic Report for the Year Ended 30 June 2023 (continued)

Section 172(1)	Overview of performance of statutory duties
(D) - The impact of the company's operations on the community and the environment	<p>The director recognises that they have a 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>The global business continues to have key focus areas under its sustainability strategy. "Ramsay Cares" aims to deliver stronger communities, healthier people and a greener planet. The director is fully supportive and is 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 Ramsay's Impact Report, which can be found on the website of Ramsay Health Care Limited as ultimate parent company https://www.ramsayhealth.com/en/sustainability/reports-and-policies/.</p> <p>The director also applies 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. The Global Responsible Sourcing Policy can be found at https://www.ramsayhealth.com/Sustainability/Social.</p>
(E) - The desirability of the company maintaining a reputation for high standards of business conduct	<p>The director manages 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> <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>

Ramsay Health Care UK Operations Limited

Strategic Report for the Year Ended 30 June 2023 (continued)

Section 172(1)	Overview of performance of statutory duties
(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 director determines 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>

Non-financial and sustainability information statement

Responding to climate change

The company is a wholly-owned subsidiary of Ramsay Health Care Limited (**RHC**) and is part of the group of companies ultimately owned by RHC (the **Group**).

Given the company's activities and operations, the climate-related risks and opportunities of the company are substantially the same as those impacting the wider Group. As a result, the company leverages the Group's existing frameworks, policies and processes in relation to both the governance and risk management of climate-related issues, as well as in relation to the support of Group-wide climate-related targets and associated key performance indicators, as set out in more detail in this section.

The Group's overall approach to climate-related issues is guided by the Task Force on Climate-related Financial Disclosures (TCFD) requirements. Each year, the Group seeks to build on its disclosures as we progress our action and grow our understanding of how climate risks and opportunities may impact our business.

(a) The company's governance arrangements in relation to assessing and managing climate-related risks and opportunities

Climate-related risks and opportunities are identified and managed on a Group-wide basis, rather than by the company on an individual entity-level basis. This allows the company to leverage the resources and expertise available across the Group on climate-related issues. The director of the company is a member of the Global Executive and his role in assessing and managing climate related risks and opportunities is set out below.

The directors of RHC (the **RHC Board**) are ultimately responsible for the corporate governance arrangements adopted across the Group. The role of the RHC Board and Group management in overseeing the Group's approach to assessing and managing climate-related risks and opportunities across the Group (including in relation to the company) is outlined in Table 1 which are adopted and utilized by the company as appropriate.

Ramsay Health Care UK Operations Limited

Strategic Report for the Year Ended 30 June 2023 (continued)

Non-financial and sustainability information statement (continued)

Table 1:

Role of the RHC Board and RHC Board committees		2023 Highlights
RHC Board	Oversees our approach, including considering the social and environmental impact of Ramsay's activities, endorsing the Ramsay Cares sustainability strategy and approving key policies and disclosures.	<ul style="list-style-type: none"> Continued to embed climate risk considerations into global strategy and key business decision-making processes Received updates on progress against our sustainability linked loan targets Approved our new Global Responsible Sourcing Policy (described below) Approved our new Code of Conduct, with 'Sustainability, Society and the Environment' as a core principle, highlighting the importance of a focus on climate action and environmental performance across our value chain.
Global Risk Management Committee (GRMC)	Oversees sustainability and any material social and environmental risks, including climate risks and opportunities.	<ul style="list-style-type: none"> Considered key business risks and related disclosures, including in relation to sustainability and climate change Endorsed for RHC Board approval updates to the Global Sustainability Policy Endorsed for Board approval a new Global Responsible Sourcing Policy which sets out expectations of suppliers in relation to environmental and resource sustainability, including encouraging suppliers to: <ul style="list-style-type: none"> (a) Measure their greenhouse gas emissions and establish a baseline and (b) Adopt science-based emissions targets using Science Based Target Initiative (SBTi) guidance and tools and submit them to the SBTi for validation.
People and Remuneration Committee	Oversees non-financial performance (including patient, people, customer and environmental) in-so-far as it relates to the Committee's people and remuneration responsibilities.	<ul style="list-style-type: none"> Received updates on the Group's environmental performance, including in relation to the greenhouse intensity reduction target Approved executive remuneration outcomes, in light of financial and non-financial performance Endorsed for RHC Board approval our new Code of Conduct, with 'Sustainability, Society and the Environment' as a core principle.

Ramsay Health Care UK Operations Limited

Strategic Report for the Year Ended 30 June 2023 (continued)

Non-financial and sustainability information statement (continued)

Role of the RHC Board and RHC Board committees		2023 Highlights
Audit Committee	Oversees sustainability issues as they relate to financial matters e.g. financial reporting and financing activities, opportunities and risks.	<ul style="list-style-type: none"> Reviewed updates on progress against our sustainability linked loan targets Reviewed approach to sustainability reporting having regard to evolving requirements, including hearing from external subject matter experts Approved an Internal Audit Plan that includes assurance activities related to the net zero plan – Scope 1 and Scope 2.
Nomination & Governance Committee	Oversees Committee roles and responsibilities including as they relate to environmental, social and governance matters, reviews Board and Committee composition and Director skills and experience and monitors processes in place in relation to ongoing education.	<ul style="list-style-type: none"> Considered the skills and experience represented on the Board, including ability to assess governance, environmental and social issues and the effectiveness of organisational policies and procedures Monitored processes in place in relation to ongoing education, including considering sustainability and evolving sustainability reporting requirements.

Role of Management		2023 Focus areas
Global Executive (including the director of the company)	<ul style="list-style-type: none"> Oversees rollout of Ramsay Cares globally and in each region, integration with strategy and corporate plan; considers material sustainability risks and opportunities including social, environmental and climate risk. 	<ul style="list-style-type: none"> Overseeing progress on Net Zero Emissions Targets, performance against sustainability-linked loan targets and Ramsay Cares Strategy Capital expenditure and operational expenditure to support key programs and initiatives (e.g. solar and energy efficiency upgrades). Embedding Net Zero Roadmap approach into Corporate Plan out to 2030.

Ramsay Health Care UK Operations Limited

Strategic Report for the Year Ended 30 June 2023 (continued)

Non-financial and sustainability information statement (continued)

Role of Management	2023 Focus areas
Global Sustainability Committee, Group Sustainability Officer, Regional Sustainability Leads (including UK Regional Sustainability Lead)	<ul style="list-style-type: none"> • Supports the Group Executive, focusing on delivery of the Ramsay Cares strategy. The Committee consists of the Group Chief People Officer, Group Sustainability Officer, Regional Sustainability Leads and Group Finance, Risk and Procurement representatives. Subject matter experts, legal, strategy-level leads are invited as required.
	<ul style="list-style-type: none"> • Ongoing implementation of global priorities at a regional level, including through the development of regional initiatives that are tailored to each of Ramsay's businesses • Rollout of Ramsay Cares and Net Zero Emissions Roadmap in each region through regional Ramsay Cares commitments/teams • Identifying and delivering on key emission reduction initiatives such as energy efficiency and greener theatre approaches • Working with suppliers to understand their Net Zero commitments • Undertaking a readiness assessment across new sustainability reporting standards (including ISSB and European requirements).

(b) How the company identifies, assesses, and manages climate-related risks and opportunities

Climate-related risks are identified, assessed and managed at a Group level, with input from project- and regional-level stakeholders. Key activities undertaken to date include:

- Risk and opportunity identification A high-level qualitative risk and opportunity assessment undertaken in FY21 identified a range of physical and transition climate-related risks and opportunities which may impact the health industry globally under the globally recognised scenarios:
 - o 1.5-degree, Paris Aligned Scenario (aligned to IPCC RCP-2.6 and SSP1) with higher transition impacts and lower physical impacts; and
 - o 4-degree, business as usual scenario (IPCC RCP-8.5 and SSP5) and other relevant modelling with high physical risks implications.

The scenarios were chosen to understand the range of impacts from the two "bookends" (i.e. most extreme scenarios) for transition and physical risks.

Assessments were undertaken with senior leaders in each region including with the director of the UK company to build awareness and capability across the Group and test the completeness of risks/opportunities identified. The aims were to understand common global and regionally specific risks/opportunities and create a preliminary ranking of risks with potential mitigation measures.

Ramsay Health Care UK Operations Limited

Strategic Report for the Year Ended 30 June 2023 (continued)

Non-financial and sustainability information statement (continued)

- Timeframes considered included:
 - o short-term (current to 2030) covering business and corporate planning periods and where climate impacts are starting to be seen.
 - o medium-term (2030 to 2050) where longer term capital investments are likely to be required (e.g. asset and equipment upgrades) and greater impacts are likely to be seen from transitioning to a low carbon economy and exacerbated climate risk exposure.
 - o long-term (2050 to 2100).
- A Physical Climate Analytics Dashboard has been created for each region including the UK in FY22. This enables the Group (including the company) to continue to explore a range of different climate scenarios, hazards and how they may affect operations in each region as conducted by each entity, focused on how risk exposure to different perils may change over time (current, 2050 and 2100) under different Physical Climate Change Scenarios under the latest IPCC Climate Scenarios (SSP1-2.6, SSP 2-4.5, SSP5-8.5). The risk and opportunity assessment will be refreshed in FY24 to reflect any material changes to the business and external environment.
- In FY23, key actions to assist in decarbonising operations and deliver on near-term Net Zero commitments were included in the Group's Corporate Plan out to 2030. These are intended to be developed into a transition plan that outlines how the business intends to deliver on the Group's Net Zero targets over the longer term. The plan is expected to be structured using the draft Transition Plan Taskforce (TPT) Disclosure Framework (UK), which is considered the leading framework for organisations to develop their transition plans. A key part of the work will be assessing the underlying assumptions of the emission reduction initiatives and evaluating effectiveness of actions taken to date.

(c) how processes for identifying, assessing, and managing climate-related risks are integrated into company's overall risk management

Climate-related risks are identified, assessed and managed at a Group level, with input from project- and regional-level stakeholders. Risk, sustainability and other functional representatives (e.g. operational, clinical, procurement and finance) were involved in the risk identification workshops.

(d) the company's principal climate-related risks and opportunities and the time periods against to which those risks and opportunities are assessed

(e) a description of the actual and potential impacts of the principal climate-related risks and opportunities on the company's business model and strategy

A high-level risk assessment conducted in FY21 in relation to climate-related risks and opportunities identified key common risk areas and the potential implications for strategic and operational areas across the Group, such as buildings and supply chain (short- to medium-term focus), and the need grow our understanding and identify actions the medium and longer-term across implications for our people and patients (see Table 2). The risk and opportunity assessment will be refreshed in FY24 to reflect any material changes to the business and external environment.

Ramsay Health Care UK Operations Limited

Strategic Report for the Year Ended 30 June 2023 (continued)

Non-financial and sustainability information statement (continued)

Table 2

Risk area	Description and potential impact and effects	Risk category	Time frame
Energy disruption	Energy disruption increasing a concern due to the energy intensive nature of healthcare delivery.	Physical - Acute	Short to medium
Energy cost increases	Volatility in energy pricing and availability of renewable electricity options	Transition – Market Transition – Energy source	Short to medium
Business disruption	Business disruptions due to extreme weather (e.g. heat waves, storms and flooding) being seen more regularly More frequent extreme weather (e.g. heat waves) will require building upgrades (e.g heating and cooling)	Physical – Acute Physical – Acute	Short to medium (amplified in the long term)
Regulatory disclosure & compliance	Imposition of regulatory requirements in relation to the management of climate change. Regulation on energy efficiency and development controls impacting both existing (retrofit) and future buildings.	Transition – Policy & Legal, Market	Short to medium
Supply chain disruption	Disruption to supply chain due to climate impacts can be found now and will be exacerbated under warming scenarios. Increasing expectations on voluntary disclosure of climate risk and emissions across the value chain.	Physical – Acute Transition – Policy & Legal, Market	Short to medium
People & access to skilled labour	Impacts on staff from extreme weather such as heatwaves likely to result in low staff productivity, high absenteeism and increased mental health issues of both staff and patients & service users.	Physical – Acute & Chronic	Medium to longer term

Ramsay Health Care UK Operations Limited

Strategic Report for the Year Ended 30 June 2023 (continued)

Non-financial and sustainability information statement (continued)

Risk area	Description and potential impact and effects	Risk category	Time frame
Capacity constraints	Climate impacts on health care are expected to be significant and may require a changing service mix.	Physical – Acute & Chronic	Medium to longer term
Patient / customer / service user implications	<p>Customer (payor) expectations on service delivery in transitioning to a low carbon economy (e.g. NHS climate-related procurement requirements).</p> <p>People and patient quality already key focus for the business.</p> <p>Climate impacts on health care are expected to be significant and we need to monitor what these mean for Ramsay.</p>	Transition – Policy & Legal, Market	<p>Short to medium</p> <p>Medium to longer term</p>

Opportunities

Responding to climate change and transitioning to a lower carbon economy also provides opportunities for the Group (including the company), which include:

- Transitioning to renewable or zero carbon energy sources and building more climate resilience into new and existing developments.
- Engaging with suppliers to innovate, reduce carbon emissions and build resilience into the value chain.
- Collaborating with doctors and clinicians across the health care sector on improved models of care.

Impact of climate-related risks and opportunities on business model and strategy

The Group's vision is to leverage our global platform to be a patient-centred healthcare provider of the future. The strategy balances the needs of all our stakeholders, taking into account the rapidly changing environment and the pressures this places on global healthcare systems.

- The Ramsay Cares Sustainability Strategy was incorporated into the Ramsay Health Care Corporate Strategy as one of the organisational foundations and is adopted by all Group companies, including the company.

- A high-level risk assessment conducted in FY21 in relation to climate-related risks and opportunities identified key common risk areas and the potential implications for strategic and operational areas across the Group, such as buildings and supply chain (short- to medium-term focus), and the need grow our understanding and identify actions the medium and longer-term across implications for our people and patients.

Ramsay Health Care UK Operations Limited

Strategic Report for the Year Ended 30 June 2023 (continued)

Non-financial and sustainability information statement (continued)

Impact of climate-related risks and opportunities on business model and strategy (continued)

- In FY22, we prioritised understanding physical risks associated with climate change as we operate a large number of sites. We undertook a climate vulnerability assessment to explore
- how the physical risk exposure to different perils may change over time including across more than 35 facilities in the UK. The outcomes of this assessment are set out in more detail below.
 - Our current focus is on developing our Climate Action Transition Plans and including the capital and operational expenses across the Group for key decarbonisation measures in our budget and Corporate Plan out to 2030.

Climate vulnerability assessment of our buildings

In FY22, we undertook a climate vulnerability assessment to explore how the physical risk exposure to different perils may change over time globally across our facilities (buildings) including those in the UK. The project focused on how risk exposure may change over time (2050 and 2100) for different perils under the latest IPCC Climate Scenarios (SSP1-2.6, SSP 2-4.5, SSP5-8.5).

To stress-test resilience, the focus was on a climate scenario (SSP5-8.5) where global temperatures increase by greater than 4 degrees.

Perils analysed – Change from current to 2050

Hazards	Implications for the company out to 2050
Drought frequency	Analytics show that a majority of sites across the UK will have a moderately significant change in exposure to more frequent drought conditions (prolong dry periods). This will need to be monitored and managed particularly in regard to water restrictions.
Hail and thunderstorm probability	No significant change from current risk exposure.
Days of high heat	Analytics show that a majority of sites across the UK will have a moderately significant change in exposure heat waves. This will need to be monitored and managed particularly in regard to impacts on patients, staff, building operation and plant and sensitive equipment.
Extreme wind speeds	No significant change from current risk exposure.
Extreme rainfall	No significant change from current risk exposure.
Wildfire risk	Analytics show that some sites across the UK will have a moderate change in exposure to wildfire risk with the risks remaining relatively low. This will need to be monitored and managed particularly in regard to impacts on access and buildings.
Flood depth of water	Analytics show that four sites across the UK have a high risk exposure to flooding but no significant changes in exposure by 2050. This will continue to be monitored and managed particularly in regard to access and buildings, plant and equipment.

Ramsay Health Care UK Operations Limited

Strategic Report for the Year Ended 30 June 2023 (continued)

Non-financial and sustainability information statement (continued)

Perils analysed - Change from current to 2050 (continued)

The outcomes of the assessment are only directional in nature and will help us prioritise where we need to focus further work.

The preliminary analysis suggests that inherent exposure to damage across the portfolio (i.e. before considering mitigants such as building design) does not appear to change substantially between now and 2050, with much of the increased exposure being felt in the later half of the century. The analysis also suggests that inherent exposure to forgone revenue is more significant between 2050 and 2100.

In FY23, a workshop was held with the Group's insurance broker to better understand the historical claims history made on the Group's insurance policy which may relate to climate impacts. The Group then reviewed historic insurance claims across all regions to assess any trends or material impacts.

In the next phase, the Group will focus on:

- Sites that are currently low risk and expected to see the biggest increase in exposure by 2050 under a greater than 4 degree scenario.
- Sites currently exposed to high levels of physical climate risk that are expected to see the biggest increase in a greater than 4 degree scenario
- Understanding mitigants already in place and those that may need to be added.

In July and August 2022, the UK experienced a heatwave which disrupted theatre operations at a number of sites. Whilst this did not result in any serious delay or impact on patients nor a material financial impact, it does act as a reminder of how a changing climate can impact on hospital operations.

(f) an analysis of the resilience of the company's business model and strategy, taking into account consideration of different climate change scenario projections

The company's business model and strategy form part of a Group-wide business model and strategy that takes into account climate-related risks and opportunities. As set out above, scenario analysis as well as a climate vulnerability assessment to physical risks has been undertaken at Group level given that the company has not identified any climate-related risks or opportunities separate to those already identified at Group-level. Further actions are planned to enhance the Group's understanding of how these matters may impact the Group (including the company) and the resilience to climate-related issues, during the time horizons discussed.

METRICS AND TARGETS

(g) a description of the targets used by the company to manage climate-related risks and to realise climate-related opportunities and of performance against targets

(h) the key performance indicators used to assess progress against targets used to manage climate-related risks and realise climate-related opportunities and a description of the calculations on which those key performance indicators are based.

The Director reasonably believes that, having regard to the nature of the business of the company and the manner in which it is carried on, the climate-related financial disclosures set out in section 414BC(2A)(g) and (h) of the Companies Act 2006 are not necessary for an understanding of the business and have therefore been omitted.

Ramsay Health Care UK Operations Limited

Strategic Report for the Year Ended 30 June 2023 (continued)

Non-financial and sustainability information statement (continued)

These disclosures have been omitted on the basis that the company does not have its own specific targets or key performance indicators associated with managing climate-related risks or realizing climate-related opportunities. Instead, in light of the Group's efforts to transition towards a low carbon economy, the company supports targets that have been set at a Group-wide level. Progress against these Group-wide targets is impacted by actions by a variety of subsidiaries, including the company, and is likely to be more meaningful in scale and scope than any targets the company could seek to set in isolation from the wider Group.

Information about the Group's wider sustainability roadmap, including Group-wide climate-related targets and the associated key performance indicators (as well as updates on progress against those Group targets), can be found in the 2023 RHC Annual Report and Impact Report (the latter of which includes our Group environment data and scorecard). Both documents are available on the Group's website (<https://www.ramsayhealth.com/en/investors/results-and-reports/>) and do not form part of this report.

Approved by the director on 26 March 2024



N J Costa
Director

Ramsay Health Care UK Operations Limited

Director's Report for the Year Ended 30 June 2023

The director presents his report and the financial statements for the year ended 30 June 2023.

Dividends

An interim dividend of £nil was paid during the year (2022: £nil). The directors do not recommend the payment of a final dividend (2022: £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 a net asset position of £1.0m at 30 June 2023 (2022: net liability of £0.4m). The company has an excess of current assets over current liabilities of £121.4m at 30 June 2023, (2022: £117.4m). The director has carried out a detailed review of the cash flow forecasts covering the period to 31 March 2025. The latest projections show the Ramsay Health Care UK group of companies, which include this company, generating positive cash flows through the period to 31 March 2025. 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 to 31 March 2025. The director has 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 director has concluded that Ramsay Healthcare Limited has the ability to support the company.

After making enquiries, the director has a reasonable expectation that the company has adequate resources to continue in operational existence for the period to 31 March 2025. Accordingly, he continues to adopt the going concern basis in preparing the annual accounts.

Directors of the company

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

P Allen (resigned 2 November 2022)

N J Costa

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.

Streamlined energy and carbon reporting for the Ramsay UK group

Ramsay Health Care UK has a network of 41 facilities including hospitals, day case units, close care, decontamination hubs and offices 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. Ramsay UK cares for almost 200,000 patients per year and employs more than 6,500 staff.

Ramsay Health Care UK Operations Limited

Director's Report for the Year Ended 30 June 2023 (continued)

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

Energy use type	FY2022/23 consumption	FY2022/23 emissions (tonne CO2 equivalent)	FY2021/22 consumption	FY2021/22 emissions (tonne CO2 equivalent)
Gas use in buildings	34,304,315 kWh	6,275	35,274,259 kWh	6,439
Generator diesel use	192,674 kWh	48	195,389 kWh	49
Leased and owned vehicles	1,468,916 kWh	369	892,615 kWh	229
Refrigerant gases	124 kWh	223	-	-
Anaesthetic gases	4,559,631 litres	3,087	6,722,293 litres	5,055
Total Scope 1	Not applicable	10,002	Not applicable	11,772
Electricity use in buildings (location-based)	28,847,399 kWh	5,974	28,558,234 kWh	5,523
Electricity use in buildings (market-based)	28,847,399 kWh	-	28,558,234 kWh	3,313
Total Scope 2	28,847,399 kWh	5,974	28,558,234 kWh	5,523
Business travel	Employee-owned cars	340	No data provided	No data provided
Total Scope 3	Not applicable	340	Not applicable	Not applicable
Total (all scopes)	Not applicable	16,316	Not applicable	17,295

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 £655.6 million (2022 - £565.9 million) and the Group's FTEs of 6,568 (2022 - 5,752) for the year to 30 June 2023.

Ramsay Health Care UK Operations Limited

Director's Report for the Year Ended 30 June 2023 (continued)

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

	Emissions per turnover FY2022/23 (tonne CO2 equivalent per £million)	Emissions per UK FTE FY2022/23 (tonne CO2 equivalent per FTE)	Emissions per turnover FY2021/22(tonne CO2 equivalent per £million)	Emissions per UK FTE FY2021/22(tonne CO2 equivalent per FTE)
Scope 1 and Scope 2	24.37	2.4	30.56	3.0
Total emissions	24.89	2.5	30.56	3.0

Energy efficiency action taken

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

- Investment in further LED lighting across the estate.
- Investment in new hybrid boilers with ASHPs reducing future gas use by 40% at site level at the Yorkshire Clinic;
- Electric car charging at Renacres, Fitzwilliam, North Downs and Glendon Wood;
- Solar Panels installed at Glendon Wood.

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.

The data captured within this year's carbon footprint has predominantly been derived from a summary spreadsheet collated by Ramsay UK. 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.

Statement by the director on performance of Statutory duties in accordance with s172(1)

The director is fully apprised of his responsibilities under section 172 of the Companies Act 2006. In line with his duties under s172(1) Companies Act 2006, he acts in a way he considers, 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 director is outlined in the Strategic Report.

Ramsay Health Care UK Operations Limited

Director's Report for the Year Ended 30 June 2023 (continued)

Disclosure of information to the auditor

The director has taken steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information. The director confirms that there is no relevant information that he knows of and of which he knows 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 director on 26 March 2024



N J Costa
Director

Ramsay Health Care UK Operations Limited

Corporate Governance Statement for the Year Ended 30 June 2023

The director recognises 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 director has 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 director regularly reviews 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 director seeks 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 director.

The key attributes and values contained in *The Ramsay Way* are described on page 9 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). The company's approach to anti-bribery and corruption matters are described on page 6 of this report.

The role and responsibilities of the board of directors

The board is 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 of one director, 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 board is 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 2023 (continued)

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 board follow that scheme of delegation, which is found in the RHC Board Charter and available on the RHC website (<https://www.ramsayhealth.com/globalassets/global/policies/rhc-corporate-governance-statement-2023.pdf>)

The board is 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 board is 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 board is 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 board, are described on pages 3 to 5. The board is 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.

The group's UK Financial Governance Committee assists the board 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 board 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.

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.

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 board supports 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 board ensures 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 board's 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 2023 (continued)

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/globalassets/global/policies/rhc-corporate-governance-statement-2023.pdf>).

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).

The board seeks to build constructive relationships with the company's suppliers. Further details on the company's supplier payment practice is set out on page 6 and the director's engagement with its suppliers is discussed on page 8.

Ramsay Health Care UK Operations Limited

Statement of Director's Responsibilities

The director is responsible for preparing the Strategic Report, Director's Report and the financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with UK-adopted International Accounting Standards and the Companies Act 2006. Under company law the director must not approve the financial statements unless he is 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 director is 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 UK-adopted International accounting standards and 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 director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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 director is also responsible for preparing a strategic report and director's report that comply with that law and those regulations. The director is 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

Opinion

We have audited the financial statements of Ramsay Health Care UK Operations Limited for the year ended 30 June 2023, which comprise the Income Statement, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and the related notes 1 to 27, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

Conclusions relating to going concern

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

- In conjunction with our walk-through 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 March 2025. We tested the model for mathematical and clerical accuracy.
- We have considered whether the main assumptions included within the forecast were within a reasonable range based on expectations of the external environment as well as other matters identified in the audit.
- 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.

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

Conclusions relating to going concern (continued)

- 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.
- We have reviewed information about the ultimate parent company, Ramsay Health Care Limited, including its latest and future cashflows, to assess its financial position and its ability to support the company if needed.
- We read the company's going concern disclosures included in the financial statements in order to assess that the disclosures were appropriate and in conformity with the reporting standards.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period to 31 March 2025.

Our responsibilities and the responsibilities of the director with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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 director is 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.

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 Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Director's 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 Director's Report.

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

Matters on which we are required to report by exception (continued)

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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the director

As explained more fully in the Statement of Director's Responsibilities set out on page 27, the director is 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 director determines 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 director is 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 director either intends to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined 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.

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

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

- 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.
- 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.

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

Use of our report

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

Ernst & Young LLP

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Mandip Dosanjh (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
Luton

Date: 27 March 2024
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Ramsay Health Care UK Operations Limited
Income Statement for the Year Ended 30 June 2023

	Note	2023 £ 000	2022 £ 000
Revenue	4	609,153	546,501
Cost of sales	4	<u>(373,280)</u>	<u>(374,556)</u>
Gross profit		235,873	171,945
Administrative expenses		<u>(196,452)</u>	<u>(193,261)</u>
Operating profit/(loss)	5	<u>39,421</u>	<u>(21,316)</u>
Finance income		330	32
Finance costs		<u>(43,229)</u>	<u>(44,947)</u>
Net finance cost	9	<u>(42,899)</u>	<u>(44,915)</u>
Loss before tax		(3,478)	(66,231)
Income tax credit	10	<u>4,905</u>	<u>12,432</u>
Profit/(loss) for the year		<u><u>1,427</u></u>	<u><u>(53,799)</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 2023

	Note	2023 £ 000	2022 £ 000
Assets			
Non-current assets			
Property, plant and equipment	11	157,689	163,449
Right of use assets	12	319,445	342,373
Intangible assets	13	11,150	12,512
Investments in subsidiaries	14	2,497	2,497
Deferred tax assets	10	44,252	41,760
		<u>535,033</u>	<u>562,591</u>
Current assets			
Inventories	15	12,394	11,416
Trade and other receivables	16	274,912	283,263
Income tax asset		460	460
Cash and cash equivalents	17	5,384	17,936
		<u>293,150</u>	<u>313,075</u>
Total assets		<u>828,183</u>	<u>875,666</u>
Equity and liabilities			
Equity			
Share capital	18	(41,215)	(41,215)
Retained earnings		40,167	41,594
Total equity		<u>(1,048)</u>	<u>379</u>
Non-current liabilities			
Long term lease liabilities	20	(651,680)	(673,782)
Provisions	19	(821)	(997)
Deferred income		(1,351)	(1,455)
Deferred tax liabilities	10	(1,519)	(4,169)
		<u>(655,371)</u>	<u>(680,403)</u>
Current liabilities			
Current portion of lease liabilities	20	(21,962)	(19,636)
Trade and other payables	21	(149,063)	(175,166)
Provisions	19	(739)	(840)
		<u>(171,764)</u>	<u>(195,642)</u>
Total liabilities		<u>(827,135)</u>	<u>(876,045)</u>
Total equity and liabilities		<u>(828,183)</u>	<u>(875,666)</u>

The notes on pages 37 to 69 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 2023 (continued)

The financial statements were approved and authorised for issue by the director on 26 March 2024



N J Costa
Director

The notes on pages 37 to 69 form an integral part of these financial statements.

Ramsay Health Care UK Operations Limited

Statement of Changes in Equity for the Year Ended 30 June 2023

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 July 2022	41,215	(41,594)	(379)
Profit for the year	-	1,427	1,427
Total comprehensive income	-	1,427	1,427
At 30 June 2023	41,215	(40,167)	1,048

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 July 2021	41,215	12,205	53,420
Loss for the year	-	(53,799)	(53,799)
Total comprehensive income	-	(53,799)	(53,799)
At 30 June 2022	41,215	(41,594)	(379)

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 retained earnings 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 2023

	Note	2023 £ 000	2022 £ 000
Cash flows from operating activities			
Profit/(loss) for the year		1,427	(53,799)
Adjustments to cash flows from non-cash items:			
Depreciation on property, plant and equipment	5	26,535	25,066
Reversal of impairment on property, plant and equipment	5	(4,894)	-
Depreciation on right of use assets	5	23,536	23,456
Amortisation expense on intangible assets	5	1,362	397
Profit on disposal of property plant and equipment	5	(76)	(82)
Finance income	9	(330)	(32)
Finance costs	9	43,229	44,947
Income tax credit	10	(4,905)	(12,432)
		85,884	27,521
Working capital adjustments:			
(Increase)/decrease in inventories	15	(978)	14,589
Decrease/(increase) in trade and other receivables	16	24,757	(38,553)
(Decrease)/increase in trade and other payables	21	(30,686)	31,840
(Decrease)/increase in provisions	19	(277)	1,032
(Decrease)/increase in deferred income		(104)	7
Cash generated from operations		78,596	36,436
Income taxes (paid)/received	10	(237)	885
Net cash inflow from operating activities		78,359	37,321
Cash flows from investing activities			
Interest received	9	330	32
Acquisitions of property plant and equipment	11	(24,325)	(31,438)
Proceeds from sale of property plant and equipment		332	110
Net cash outflows used in investing activities		(23,663)	(31,296)
Cash flows from financing activities			
Interest expense on leases	9	(43,229)	(44,947)
(Increase)/decrease in net receivables due from related parties	24	(3,635)	71,640
Payments to lease creditors	24	(20,384)	(17,112)
Net cash (outflows)/inflows used in/generated from financing activities		(67,248)	9,581
Net (decrease)/increase in cash and cash equivalents	24	(12,552)	15,606
Cash and cash equivalents at 1 July		17,936	2,330
Cash and cash equivalents at 30 June	17	5,384	17,936

The notes on pages 37 to 69 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 2023

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 UK adopted International Accounting Standards and the requirements of the Companies Act 2006.

Basis of preparation

The financial statements have been prepared in accordance with UK adopted International Accounting Standards and 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 2023 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 2023 (continued)

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 2023 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 a net asset position of £1.0m (30 June 2022: net liability of £0.4m). The company has an excess of current assets over current liabilities of £121.4m at 30 June 2023, (2022: £117.4m). The director has carried out a detailed review of the cash flow forecasts covering the period to 31 March 2025. The latest projections show the Ramsay Health Care UK group of companies, which include this company, generating positive cash flows through the period to 31 March 2025. 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 to 31 March 2025. The director has 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 director has concluded that Ramsay Healthcare Limited has the ability to support the company.

After making enquiries, the director has a reasonable expectation that the company has adequate resources to continue in operational existence for the period to 31 March 2025. Accordingly, he continues to adopt the going concern basis in preparing the annual accounts.

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.

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. 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.

Ramsay Health Care UK Operations Limited

Notes to the Financial Statements for the Year Ended 30 June 2023 (continued)

2 Accounting policies (continued)

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.

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

Buildings and long leasehold
Leasehold improvements
Equipment, furnishing and motor vehicles
Assets in the course of construction
Right of use assets

Depreciation method and rate

50 years straight line basis or over the period of the lease
over the remaining life of the lease
4 to 10 years straight line basis
not depreciated until in use
over the life of the lease

Ramsay Health Care UK Operations Limited

Notes to the Financial Statements for the Year Ended 30 June 2023 (continued)

2 Accounting policies (continued)

Property, plant and equipment (continued)

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.

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.

Ramsay Health Care UK Operations Limited

Notes to the Financial Statements for the Year Ended 30 June 2023 (continued)

2 Accounting policies (continued)

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.

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.

Ramsay Health Care UK Operations Limited

Notes to the Financial Statements for the Year Ended 30 June 2023 (continued)

2 Accounting policies (continued)

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.

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 director's 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.

Ramsay Health Care UK Operations Limited

Notes to the Financial Statements for the Year Ended 30 June 2023 (continued)

2 Accounting policies (continued)

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.

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.

Ramsay Health Care UK Operations Limited

Notes to the Financial Statements for the Year Ended 30 June 2023 (continued)

2 Accounting policies (continued)

Leases (continued)

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.

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.

Ramsay Health Care UK Operations Limited

Notes to the Financial Statements for the Year Ended 30 June 2023 (continued)

2 Accounting policies (continued)

Leases (continued)

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.

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.

Ramsay Health Care UK Operations Limited

Notes to the Financial Statements for the Year Ended 30 June 2023 (continued)

2 Accounting policies (continued)

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, right of use assets, 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.

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.

Ramsay Health Care UK Operations Limited

Notes to the Financial Statements for the Year Ended 30 June 2023 (continued)

2 Accounting policies (continued)

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 2023 (continued)

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 risk of causing an 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 2023 (continued)

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

Deferred tax assets

Deferred tax assets are recognised for unused tax 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 in respect of tax losses, 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 2023 was £15,821,000 (2022: £11,481,000) based on gross tax losses of £63,284,000 (2022: £45,924,000). There were no unrecognised tax losses at 30 June 2023 (2022: £nil).

Impairment losses

For leasehold improvements and equipment, and right of use assets, impairment losses are 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, £3,542,000 (2022: £7,024,000) 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.

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.

Revenue related provisions

The company records a provision in respect of the uncertainty over the recovery of fees. Provisions for uncertainty have been recognised in relation to revenue arrangements where there is a risk of reversal relating to challenges or complexity of contract.

Ramsay Health Care UK Operations Limited

Notes to the Financial Statements for the Year Ended 30 June 2023 (continued)

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

Accrued revenue

Accrued revenue is recognised for provision of services completed but not yet billed. Revenue may also be accrued for changes to pricing agreed with the NHS not yet billed. 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:

	2023 £ 000	2022 £ 000
Rendering of services (all derived from the UK)	609,153	546,501
	2023 £ 000	2022 £ 000
Contract assets	12,794	17,682
Contract liabilities	12,374	39,872

Contract assets relate to revenue earned from services provided to Integrated Care Boards. 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 Integrated Care Boards and private patients ahead of services being provided.

5 Operating profit/(loss)

Arrived at after charging/(crediting):

	2023 £ 000	2022 £ 000
Depreciation on property, plant and equipment	26,535	25,066
Reversal of impairment on property, plant and equipment	(4,894)	-
Depreciation on right of use assets	23,536	23,456
Amortisation of intangibles	1,362	397
Lease expense - property	1,758	1,824
Lease expense - plant and machinery	4,149	4,414
Cost of inventories recognised as an expense	109,075	118,721
Profit on disposal of property, plant and equipment	(76)	(82)

Ramsay Health Care UK Operations Limited

Notes to the Financial Statements for the Year Ended 30 June 2023 (continued)

5 Operating profit/(loss) (continued)

The reversal of impairment of £4.9m in the current year was a result of the reversal of a previous impairment in the carrying value of property, plant and equipment at previously under-performing units. The reversal of impairment 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

	2023 £ 000	2022 £ 000
Audit of the financial statements	346	285
Other fees to auditor		
Audit of subsidiary financial statements	36	36

7 Staff costs

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

	2023 £ 000	2022 £ 000
Wages and salaries	165,905	163,883
Social security costs	13,995	14,680
Pension costs, defined contribution scheme	4,394	4,527
	184,294	183,090

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

	2023 No.	2022 No.
Full-time	3,938	4,204
Part-time	2,344	2,685
	6,282	6,889

8 Director remuneration

The directors' remuneration for the year was as follows:

	2023 £ 000	2022 £ 000
Remuneration	713	1,050
Contributions paid to money purchase schemes	23	23
	736	1,073

Ramsay Health Care UK Operations Limited

Notes to the Financial Statements for the Year Ended 30 June 2023 (continued)

8 Director remuneration (continued)

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

	2023	2022
	No.	No.
Accruing benefits under money purchase pension scheme	<u>2</u>	<u>2</u>

In respect of the highest paid director:

	2023	2022
	£ 000	£ 000
Remuneration	525	581
Company contributions to money purchase pension schemes	<u>4</u>	<u>-</u>
	<u>529</u>	<u>581</u>

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 £nil (2022: £nil) was recognised in the income statement with respect to the Executive performance rights scheme.

9 Finance income and costs

	2023	2022
	£ 000	£ 000
Finance income		
Interest received on cash pool borrowings and loans	330	32
Finance costs		
Interest expense on leases	<u>(43,229)</u>	<u>(44,947)</u>
Net finance costs	<u>(42,899)</u>	<u>(44,915)</u>

Ramsay Health Care UK Operations Limited

Notes to the Financial Statements for the Year Ended 30 June 2023 (continued)

10 Income tax

Tax credited in the income statement

	2023 £ 000	2022 £ 000
Current taxation		
UK corporation tax adjustment to prior periods	237	(426)
Total current income tax	237	(426)
Deferred taxation		
Arising from origination and reversal of temporary differences	(510)	(10,480)
Arising from changes in tax rates and laws	(926)	(2,881)
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	(3,706)	1,355
Total deferred taxation	(5,142)	(12,006)
Tax credit in the income statement	(4,905)	(12,432)

The tax on the loss before tax for the year is higher than the standard rate of corporation tax in the UK (2022 - lower than the standard rate of corporation tax in the UK) of 20.5% (2022 - 19%).

The differences are reconciled below:

	2023 £ 000	2022 £ 000
Loss before tax	(3,478)	(66,231)
Corporation tax at standard rate	(713)	(12,584)
Adjustment in respect of prior periods - current tax	237	(426)
Non-deductible expenses	597	1,025
Decrease arising from group relief tax reconciliation	(2,664)	-
Transfer pricing adjustments	2,270	1,078
Adjustment in respect of prior year - deferred tax	(3,706)	1,356
Rate changes	(926)	(2,881)
Total tax credit	(4,905)	(12,432)

The tax rate for the current year reflects the increase in the corporation tax rate from 19% to 25%, effective from 1 April 2023.

During the year, the company generated taxable profits, totalling £9,954,000 (2022: loss of £43,359,000), of which £9,954,000 (2022: £nil) has been group relieved across group companies for consideration of £nil (2022: £nil).

Ramsay Health Care UK Operations Limited

Notes to the Financial Statements for the Year Ended 30 June 2023 (continued)

10 Income tax (continued)

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 at the year end have been measured at the enacted rate of 25%.

	Asset	Liability	Net deferred tax
	£ 000	£ 000	£ 000
2023			
Accelerated tax depreciation	8,389	-	8,389
Provisions	276	-	276
Tax losses carry-forwards	15,821	-	15,821
Capital gains rolled over	-	(1,519)	(1,519)
Right of use assets	19,766	-	19,766
	<u>44,252</u>	<u>(1,519)</u>	<u>42,733</u>

	Asset	Liability	Net deferred tax
	£ 000	£ 000	£ 000
2022			
Accelerated tax depreciation	8,532	-	8,532
Provisions	552	-	552
Tax losses carry-forwards	11,481	-	11,481
Capital gains rolled over	-	(4,169)	(4,169)
Right of use assets	21,195	-	21,195
	<u>41,760</u>	<u>(4,169)</u>	<u>37,591</u>

Deferred tax movement during the year:

	At 1 July 2022	Recognised in income	At 30 June 2023
	£ 000	£ 000	£ 000
Accelerated tax depreciation	8,532	(143)	8,389
Provisions	552	(276)	276
Tax losses carry-forwards	11,481	4,340	15,821
Capital gains rolled over	(4,169)	2,650	(1,519)
Right of use assets	21,195	(1,429)	19,766
	<u>37,591</u>	<u>5,142</u>	<u>42,733</u>

Ramsay Health Care UK Operations Limited

Notes to the Financial Statements for the Year Ended 30 June 2023 (continued)

10 Income tax (continued)

Deferred tax movement during the prior year:

	At 1 July 2021 £ 000	Recognised in income £ 000	At 30 June 2022 £ 000
Accelerated tax depreciation	9,052	(520)	8,532
Provisions	403	149	552
Tax losses carry-forwards	1,138	10,343	11,481
Capital gains rolled over	(7,632)	3,463	(4,169)
Right of use assets	22,624	(1,429)	21,195
	<u>25,585</u>	<u>12,006</u>	<u>37,591</u>

Further details on the company's tax losses are outlined in note 3. Deferred tax assets have been recognized in respect of these losses as management consider they may be used to offset future taxable profits.

There are no unrecognised tax losses at 30 June 2023 (2022: £Nil).

Ramsay Health Care UK Operations Limited

Notes to the Financial Statements for the Year Ended 30 June 2023 (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
Cost					
At 1 July 2021	153	148,724	235,940	23,663	408,480
Additions	-	1,631	17,793	12,014	31,438
Disposals	-	(12,092)	(15,006)	-	(27,098)
Transfers between categories	-	8,289	12,699	(20,988)	-
Transferred to intangible assets (note 13)	-	-	-	(5,618)	(5,618)
At 30 June 2022	153	146,552	251,426	9,071	407,202
At 1 July 2022	153	146,552	251,426	9,071	407,202
Additions	-	8,390	13,804	2,131	24,325
Disposals	-	(10,390)	(16,767)	-	(27,157)
Transfers between categories	-	4,069	2,283	(6,352)	-
At 30 June 2023	153	148,621	250,746	4,850	404,370
Depreciation and impairment					
At 1 July 2021	(153)	(65,156)	(180,449)	(1,800)	(247,558)
Charge for the year	-	(6,387)	(18,679)	-	(25,066)
Eliminated on disposal	-	12,065	15,006	-	27,071
Transferred to intangible assets (note 13)	-	-	-	1,800	1,800
At 30 June 2022	(153)	(59,478)	(184,122)	-	(243,753)
At 1 July 2022	(153)	(59,478)	(184,122)	-	(243,753)
Charge for the year	-	(7,496)	(19,039)	-	(26,535)
Eliminated on disposal	-	3,208	15,505	-	18,713
Impairment reversal (note 5)	-	3,851	1,043	-	4,894
At 30 June 2023	(153)	(59,915)	(186,613)	-	(246,681)
Carrying amount					
At 30 June 2023	-	88,706	64,133	4,850	157,689
At 30 June 2022	-	87,074	67,304	9,071	163,449

Ramsay Health Care UK Operations Limited

Notes to the Financial Statements for the Year Ended 30 June 2023
(continued)

12 Right of use assets

	Machinery £ 000	Property £ 000	Total £ 000
Cost			
At 1 July 2021	702	735,834	736,536
Additions	227	9,798	10,025
Disposals	(213)	(17)	(230)
At 30 June 2022	716	745,615	746,331
At 1 July 2022	716	745,615	746,331
Additions	-	608	608
Disposals	(196)	(1,467)	(1,663)
At 30 June 2023	520	744,756	745,276
Depreciation			
At 1 July 2021	(365)	(380,367)	(380,732)
Charge for year	(202)	(23,254)	(23,456)
Eliminated on disposal	213	17	230
At 30 June 2022	(354)	(403,604)	(403,958)
At 1 July 2022	(354)	(403,604)	(403,958)
Charge for the year	(156)	(23,380)	(23,536)
Eliminated on disposal	196	1,467	1,663
At 30 June 2023	(314)	(425,517)	(425,831)
Carrying amount			
At 30 June 2023	206	319,239	319,445
At 30 June 2022	362	342,011	342,373

Ramsay Health Care UK Operations Limited

Notes to the Financial Statements for the Year Ended 30 June 2023 (continued)

13 Intangible assets

	Goodwill £ 000	Software development costs £ 000	Total £000
Cost			
At 1 July 2021	1,000	9,091	10,091
Transferred from assets in the course of construction (note 11)	-	3,818	3,818
At 30 June 2022	1,000	12,909	13,909
At 30 June 2023	1,000	12,909	13,909
Amortisation			
At 1 July 2021	(1,000)	-	(1,000)
Amortisation charge	-	(397)	(397)
At 30 June 2022	(1,000)	(397)	(1,397)
At 1 July 2022	(1,000)	(397)	(1,397)
Amortisation charge	-	(1,362)	(1,362)
At 30 June 2023	(1,000)	(1,759)	(2,759)
Carrying amount			
At 30 June 2023	-	11,150	11,150
At 30 June 2022	-	12,512	12,512

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 2023 (continued)

14 Investments

£ 000

Cost

At 1 July 2021, 30 June 2022 and 30 June 2023 28,793

Provision

At 1 July 2021, 30 June 2022 and 30 June 2023 26,296

Carrying amount

At 1 July 2021, 30 June 2022 and 30 June 2023 2,497

Details of the investments as at 30 June 2023 are as follows:

Name	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2023	2022
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 2023 (continued)

15 Inventories

	2023 £ 000	2022 £ 000
Hospital and other supplies	<u>12,394</u>	<u>11,416</u>

The cost of inventories recognised as an expense in the year amounted to £109,075,000 (2022 - £118,721,000). This is included within cost of sales.

The amount of write-down of inventories recognised as an expense in the year is £Nil (2022 - £11,500,000).

16 Trade and other receivables

	Note	2023 £ 000	2022 £ 000
Trade receivables		35,235	50,431
Provision for impairment of trade receivables		<u>(3,542)</u>	<u>(7,024)</u>
Net trade receivables		31,693	43,407
Amounts receivable from group undertakings	26	221,571	204,865
Loans to group undertakings	26	-	300
Accrued income		12,794	17,682
Prepayments		6,822	14,704
Other receivables		<u>2,032</u>	<u>2,305</u>
		<u>274,912</u>	<u>283,263</u>

As at 30 June 2023, the company has contract assets, included within accrued income, of £12,794,000 (2022: £17,682,000).

For terms and conditions relating to receivables from group undertakings, refer to note 26.

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 25).

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 2023 (continued)

16 Trade and other receivables (continued)

	2023	2022
	£ 000	£ 000
Age of trade receivables not impaired		
Neither past due nor impaired	50,541	84,461
Unallocated cash	(138,817)	(149,865)
0 to 30 days	42,408	44,557
31 to 60 days	17,213	9,158
61 to 180 days	60,212	59,759
Over 180 days	3,678	2,361
	<u>35,235</u>	<u>50,431</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

	2023	2022
	£ 000	£ 000
Over 60 days	<u>3,542</u>	<u>7,024</u>
Movements on the provision for impairment of trade receivables		
	2023	2022
	£ 000	£ 000
Balance at 1 July	7,024	3,006
Transfer to 12 month ECL	(3,482)	4,018
Balance at 30 June	<u>3,542</u>	<u>7,024</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

	2023	2022
	£ 000	£ 000
Cash at bank	<u>5,384</u>	<u>17,936</u>

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

Ramsay Health Care UK Operations Limited

Notes to the Financial Statements for the Year Ended 30 June 2023 (continued)

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.

Allotted, called up and fully paid shares

	No.	2023 £	No.	2022 £
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

	Insurance provision £ 000
At 1 July 2022	1,837
Decrease in existing provisions	<u>(277)</u>
At 30 June 2023	<u>1,560</u>
Non-current liabilities	<u>821</u>
Current liabilities	<u>739</u>
At 30 June 2022	Insurance provision £ 000
Non-current liabilities	<u>997</u>
Current liabilities	<u>840</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 2023 (continued)

20 Leases

	2023 £ 000	2022 £ 000
Current portion of lease liabilities	21,962	19,636
Long term lease liabilities	651,680	673,782
	<u>673,642</u>	<u>693,418</u>

Lease liabilities maturity analysis

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

	2023 £ 000	2022 £ 000
Less than one year	64,430	63,911
2 to 5 years	272,834	267,993
More than 5 years	702,673	773,435
Total lease liabilities (undiscounted)	1,039,937	1,105,339
Impact of finance expenses	(366,295)	(411,921)
Carrying amount of lease liability	<u>673,642</u>	<u>693,418</u>

Total cash outflows related to leases

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

	2023 £ 000	2022 £ 000
Payment		
Payments of lease liabilities principal	20,384	17,112
Interest	43,229	44,947
Low value and short term leases	5,907	6,238
Total cash outflow	<u>69,520</u>	<u>68,297</u>

The short term lease commitments of the company as at the year end are £nil (2022: £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 2023 (continued)

21 Trade and other payables

	Note	2023 £ 000	2022 £ 000
Trade payables		38,271	45,415
Accrued expenses		27,951	21,167
Amounts payable to group undertakings	26	54,626	50,043
Social security and other taxes		5,269	5,432
Other payables		10,572	13,237
Deferred income		12,374	39,872
		<u>149,063</u>	<u>175,166</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 26.

As at 30 June 2023, the company has contract liabilities of £12,374,000 included within deferred income above (2022: £39,872,000).

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 25).

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 £4,393,900 (2022 - £4,527,000).

23 Commitments

Capital commitments

The total amount contracted for but not provided in the financial statements was £Nil (2022 - £3,493,000).

Ramsay Health Care UK Operations Limited

Notes to the Financial Statements for the Year Ended 30 June 2023 (continued)

24 Reconciliation of liabilities arising from financing activities

			Non-cash changes			
	Note	At 1 July 2022 £ 000	Cash flows £ 000	New leases £ 000	Other changes £ 000	At 30 June 2023 £ 000
Cash and cash equivalents						
Cash	17	17,936	(12,552)	-	-	5,384
		17,936	(12,552)	-	-	5,384
Borrowings						
Amounts payable to group undertakings	21	(50,043)	(4,583)	-	-	(54,626)
Amounts receivable from group undertakings	16	204,865	8,218	-	8,488	221,571
Lease liabilities	20	(693,418)	20,384	(608)	-	(673,642)
		(538,596)	24,019	(608)	8,488	(506,697)
		(520,660)	11,467	(608)	8,488	(501,313)

		<i>Non-cash changes</i>			
	Note	At 1 July 2021 £ 000	Cash flows £ 000	New leases £ 000	At 30 June 2022 £ 000
Cash and cash equivalents					
Cash	17	2,330	15,606	-	17,936
		2,330	15,606	-	17,936
Borrowings					
Amounts payable to group undertakings	21	(42,028)	(8,015)	-	(50,043)
Amounts receivable from group undertakings	16	268,490	(63,625)	-	204,865
Lease liabilities	20	(700,403)	17,112	(10,127)	(693,418)
		(473,941)	(54,528)	(10,127)	(538,596)
		<u>(471,611)</u>	<u>(38,922)</u>	<u>(10,127)</u>	<u>(520,660)</u>

Ramsay Health Care UK Operations Limited

Notes to the Financial Statements for the Year Ended 30 June 2023 (continued)

25 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 2023 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.

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 and is not deemed to be material to the company.

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.

Ramsay Health Care UK Operations Limited

Notes to the Financial Statements for the Year Ended 30 June 2023 (continued)

25 Financial risk review (continued)

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
2023						
Non-derivative liabilities						
Trade and other payables	-	82,063	-	-	-	82,063
Amounts payable to related parties	54,626	-	-	-	-	54,626
Deferred income	-	-	12,374	1,351	-	13,725
Lease liabilities	-	5,586	16,759	121,323	529,974	673,642
	<u>54,626</u>	<u>87,649</u>	<u>29,133</u>	<u>122,674</u>	<u>529,974</u>	<u>824,056</u>

	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
2022						
Non-derivative liabilities						
Trade and other payables	-	85,251	-	-	-	85,251
Amounts payable to group undertakings	50,043	-	-	-	-	50,043
Deferred income	-	-	39,872	1,455	-	41,327
Lease liabilities	-	4,909	14,727	107,759	566,023	693,418
	<u>50,043</u>	<u>90,160</u>	<u>54,599</u>	<u>109,214</u>	<u>566,023</u>	<u>870,039</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 2023.

Ramsay Health Care UK Operations Limited

Notes to the Financial Statements for the Year Ended 30 June 2023 (continued)

26 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 2023 the company has not recorded any impairment of receivables relating to amounts owed by related parties (2022: £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.

Income and receivables from group undertakings

	Parent £ 000	Subsidiary £ 000	Other group undertakings £ 000	Total £ 000
2023				
Sale of goods	-	483	-	483
Receipt of services	-	-	653	653
	-	483	653	1,136
Amounts receivable from group undertakings	221,420	-	151	221,571
2022				
Amounts receivable from group undertakings	201,863	260	2,742	204,865

Expenditure with and payables to group undertakings

	Parent £ 000	Subsidiary £ 000	Other group undertakings £ 000	Total £ 000
2023				
Rendering of services	-	7,936	-	7,936
Amounts payable to group undertakings	-	305	54,321	54,626

Ramsay Health Care UK Operations Limited

Notes to the Financial Statements for the Year Ended 30 June 2023 (continued)

26 Related party transactions (continued)

	Parent £ 000	Subsidiary £ 000	Other group undertakings £ 000	Total £ 000
2022				
Rendering of services	2,031	7,854	-	9,885
Amounts payable to group undertakings	-	-	50,043	50,043

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
2023	
At start of period	300
Repaid	(300)
At the end of the period	-
2022	
At the start and the end of period	300

Terms of loans to group undertakings

The loan was due from the company's subsidiary undertaking, Clifton Park Hospital Limited. The loan was repaid in full during the year. The loan was repayable on demand and was interest free.

27 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.