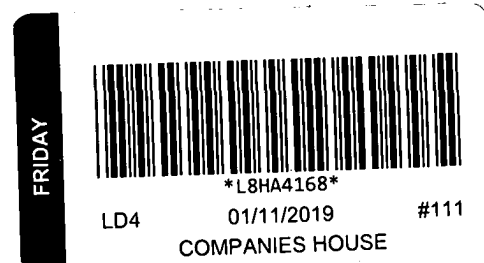


IHG Healthcare Limited

**Directors' Report and financial
Statements**

Registered number 1672142
For the year ended 31 December 2018



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Directors and Officers

Directors

RM King (Chairman)
HM King
WM King
CM King

Company Secretary

HM King

Registered Office

Stoke Park
Park Road
Stoke Poges
Buckinghamshire
SL2 4PG

Auditor

KPMG LLP
58 Clarendon Road
Watford
Hertfordshire
WD17 1DE

Strategic Report

The directors present their strategic report on the Company for the year ended 31 December 2018.

Review of the business

The Company is a wholly-owned subsidiary of International Hospitals Group Limited, which in turn is fully owned by International Group Limited and operates as part of International Group Limited's service division.

The Company's principal activities are the construction and management of healthcare facilities together with related consultancy services world-wide. During 2018, the immediate parent company and the Government of Oman signed turnkey contracts to deliver three major new hospitals and associated infrastructure in the Sultanate of Oman. The total value of these projects exceeds £500m. Works on all three hospital projects commenced in 2018 under Limited Notices To Proceed to commence design and enabling works until the client financially closes the required loan funding. The project financing arrangements were concluded and the requisite advance payments paid during 2019.

Impact of Brexit

The Company has assessed the likely impact of Brexit to be minimal.

Results and performance

As shown in the Company's profit and loss account on page 8, the Company's turnover and profit before tax has decreased to £195,000 (profit in 2017: £355,000).

The balance sheet on page 9 of the financial statements shows the Company's financial position at the year end.

Strategy

The Company's success is dependent on the proper selection, pricing and ongoing management of the contracts it secures. The Company will concentrate its efforts on achieving maximum growth in its existing market segment and will seek to appropriate new geographical locations to expand into.

Key performance indicators

International Group Limited manages its operations on a divisional basis. For this reason, the Company's directors believe that further key performance indicators (other than revenue and profit after tax stated above) for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the services division of International Group Limited, which includes the Company, is discussed in International Group Limited's Annual Report which does not form part of this Report.

Principal risks and uncertainties

The principal risks of the Company are:

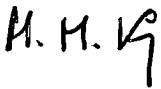
- Foreign exchange fluctuations and payment delays from its major customers. To manage these risks, the Company strives to ensure contract revenue and costs where possible are in the same currency and through its strong and close relationships with customers it minimises any payment delays.
- Competitive pressure which could result in it losing sales to its key competitors. To manage this risk, the Company strives to provide added-value services to its customers; prompt response times in the supply of products and services and in the handling of customer queries; and through the maintenance of strong relationships with customers.
- Mitigating risk of liquidated damages being applied by managing its construction partners/sub-contractors to deliver on large turnkey contracts on time and to agreed standards.
- The Company's businesses may also be affected by fluctuations in the price and supply of key services, although purchasing policies and practices seek to mitigate, where practicable, such risks.

Strategic Report *(continued)*

Future developments

The Company is developing a number of new projects some of which are in new geographical locations. The Company expects to secure at least one of these in the coming year.

By order of the board



HM King
Director

Stoke Park
Park Road
Stoke Poges
Buckinghamshire
SL2 4PG

30 October 2019

Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31 December 2018

Proposed dividend

The directors do not recommend the payment of a dividend (2017: £nil).

Directors

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

RM King (Chairman)
HM King
WM King
CM King

Charitable contributions

The Company made no charitable contributions during the year (2017: £nil).

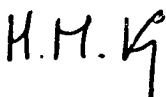
Disclosure of information to auditor

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, KPMG LLP will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



HM King
Director

Stoke Park
Park Road
Stoke Poges
Buckinghamshire
SL2 4PG

30 October 2019

Statement of directors' responsibilities in respect of the Strategic Report, Directors' Report and the financial statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG LLP

58 Clarendon Road Watford
Hertfordshire WD17 1DE
United Kingdom

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IHG HEALTHCARE LIMITED

Opinion

We have audited the financial statements of IHG Healthcare Limited ("the company") for the year ended 31 December 2018 which comprise the profit and loss account and other comprehensive income, balance sheet, statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IHG HEALTHCARE LIMITED (continued)

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



30 October 2019

David Burridge (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

58 Clarendon Road
Watford
Hertfordshire
WD17 1DE
United Kingdom

Profit and Loss Account and Other Comprehensive Income

For the year ended 31 December 2018

	<i>Note</i>	2018 £000	2017 £000
Turnover		195	355
Cost of sales		<u>-</u>	<u>-</u>
Gross profit		195	355
Administrative expenses		<u>-</u>	<u>-</u>
Operating profit and profit before taxation	2	195	355
Taxation	5	<u>-</u>	<u>-</u>
Profit for the financial year		<u>195</u>	<u>355</u>

The above results were derived solely from continuing operations.

There are no gains or losses to be reflected as Other Comprehensive Income during the current or preceding year.

Notes from pages 11 to 16 form a part of these financial statements

Balance Sheet
At 31 December 2018

	<i>Note</i>	2018 £000	2017 £000
Debtors	6	<u>1,166</u>	<u>971</u>
Total assets		1,166	971
Creditors: amounts falling due within one year	7	<u>-</u>	<u>-</u>
Total liabilities		<u>-</u>	<u>-</u>
Net assets		<u>1,166</u>	<u>971</u>
Capital and reserves			
Called up share capital		1	1
Profit and loss account		<u>1,165</u>	<u>970</u>
Shareholder's funds		<u>1,166</u>	<u>971</u>

Notes from pages 11 to 16 form a part of these financial statements

These financial statements were approved by the board of directors on 30 October 2019 and were signed on behalf by:

H. M. King

HM King
Director

Registered number 1672142

Statement of Changes in Equity
For the year ended 31 December 2018

	Called up Share Capital £000	Profit and loss account £000	Total equity £000
At January 2017	1	615	616
Profit for the year	-	355	355
At 31 December 2017	1	970	971
Profit for the year	-	195	195
At 31 December 2018	1	1,165	1,166

Notes from page 11 to 16 form a part of these financial statements.

Notes *(continued)*
(forming part of the financial statements)

1 Accounting policies *(continued)*

IHG Healthcare Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ('FRS 102') as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

Going concern

The Company has net current assets of £1.1m (2017: £0.9m) at the balance sheet date which consists entirely of amounts due from International Group Limited (the ultimate parent company). Accordingly, the Company's ability to continue as a going concern is dependent on its ability to collect the outstanding balance from the ultimate parent company.

Subsequent to the year end, the company's parent entity (International Hospitals Group Limited) has collected advance payments of £15.9m in respect of long term contracts being undertaken by that entity for construction of three hospitals in an overseas jurisdiction. The total value of the contracts is £530m. In addition, International Hospitals Group Limited has also received an amount of £5.2m overdue on another long term contract for construction of a hospital in another overseas jurisdiction. These funds are expected to provide the ultimate parent company with the liquidity to be able to repay the amount owed to the company.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared these financial statements on a going concern basis.

The Company's ultimate parent undertaking, International Group Limited includes the Company in its consolidated financial statements. The consolidated financial statements of International Group Limited are prepared in accordance with FRS 102 and are available to the public and can be obtained from the address given in note 11. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period;
- Cash Flow Statement with related notes;
- Key Management Personnel compensation;

As the consolidated financial statements of the ultimate parent undertaking include the equivalent disclosures, the company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Notes *(continued)*

1 **Accounting policies** *(continued)*

Measurement convention

These financial statements are prepared on a going concern basis, under the historical cost convention.

Foreign currencies

Transactions in foreign currencies are translated into the Company's functional currency at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the rate of exchange ruling at that date and the gains or losses on translation are included in the profit and loss account.

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Impairment

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to third party customers. Turnover is recognised when goods and services have been supplied to and accepted by the Group's clients.

When the outcome of a construction contract can be estimated reliably, revenue is recognised based on the proportion of cost appropriate to the stage of completion plus attributable profits, less amounts recognised in previous years. When the outcome of a construction contract cannot be estimated reliably revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable and the Company recognises contract costs as an expense in the period in which they are incurred.

Fees are recognised over the period of the relevant assignments or agreements.

Taxation

Tax on profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Notes (continued)

1 Accounting policies (continued)

Taxation (continued)

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, associates and joint ventures to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or future taxable profits.

Accounting estimate and judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

- Going concern assumption (refer note 1 above)

2 Expenses and auditor's remuneration

	2018 £000	2017 £000
<i>Profit/loss is stated after charging:</i>		
Audit of these financial statements	-	-

The remuneration of the auditors for the current year and preceding year were borne by the Company's immediate parent company.

3 Remuneration of directors

None of the directors received any emoluments in the year (2017: £nil) as they were borne by other group companies. The detailed emoluments of the directors can be found in the accounts of International Group Limited. These can be obtained from the address given in note 11. Their services to internal company management was limited and inconsequential to attract an internal charge.

Notes (continued)

4 Staff numbers and costs

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

	Number of employees	
	2018	2017
Directors	4	4

5 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

Analysis of expense in year

	2018 £000	2017 £000
<i>Current Tax</i>		
Current UK tax on income for the year	-	-
Total Tax	-	-

Reconciliation of effective tax rate

The total tax expense for the year is lower (2017: lower) than the standard rate of corporation tax in the UK: 19.00%, (2017: 19.25%). The differences are explained below.

	2018 £000	2017 £000
<i>Total tax reconciliation</i>		
Profit before tax	195	355
Tax using the UK corporation tax rate of 19.00% (2017: 19.25%)	37	68
Effects of: Group relief	(37)	(68)
Total tax expense (see above)	-	-

In 2016 Budget, the chancellor announced additional planned reductions to 17% from 1 April 2020. This will reduce the company's future current tax charge accordingly. The deferred tax asset ad 31 December 2018 has been calculated on the rates of 17% substantively enacted at the balance sheet date.

Notes (continued)

6 Debtors

	2018 £000	2017 £000
Amounts owed by group undertakings	1,166	971
	<u>1,166</u>	<u>971</u>

All debtors are due within one year.

7 Creditors: amounts falling due within one year

	2018 £000	2017 £000
Amounts owed by group undertakings	-	-
	<u>-</u>	<u>-</u>

There are no creditors falling due after one year.

8 Deferred tax

A deferred tax asset of £1,000 (2017: £1,000) has arisen. The directors do not feel that it is appropriate to recognise this deferred tax asset in the light of current trading conditions.

The elements of deferred taxation are as follows:

	2018 £000	2017 £000
Trading losses	-	-
Difference between accumulated depreciation and capital allowances	1	1
Undiscounted deferred tax asset	<u>1</u>	<u>1</u>

9 Called up share capital

	2018 £000	2017 £000
<i>Allotted, called up and fully paid</i>		
1,000 Ordinary shares of £1 each	1	1
Shares classified in shareholder's funds	<u>1</u>	<u>1</u>

Notes *(continued)*

10 Commitments

At the end of the financial year the Company had no unprovided capital commitments (2017: *nil*).

11 Ultimate parent company and parent undertaking of largest and smallest group of which the Company is a member

The Company's immediate parent undertaking is International Hospitals Group Limited. The Company's ultimate parent undertaking and the largest and smallest group in which the Company's results are consolidated is International Group Limited, a company incorporated in the UK and registered in England and Wales. The consolidated financial statements of International Group Limited, within which this Company is included, can be obtained from Stoke Park, Park Road, Stoke Poges, Buckinghamshire, SL2 4PG.

12 Related party transactions

The Company is controlled by International Hospitals Group Limited, the immediate parent undertaking, which controls 100% of the Company's voting rights.