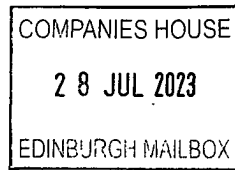
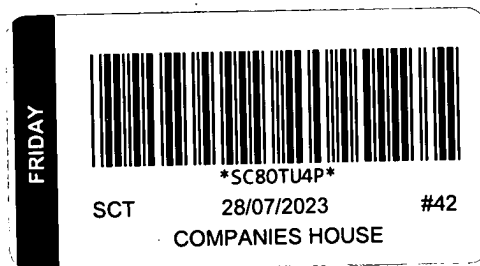


COMPANY REGISTRATION NUMBER: 03847393



HpC King's College Hospital (Holdings) Limited
Financial Statements
31 March 2023



HpC King's College Hospital (Holdings) Limited

Financial Statements

Year ended 31 March 2023

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HpC King's College Hospital (Holdings) Limited

Officers and Professional Advisers

The board of directors	Stuart Carter Mark Knight John Cavill Jonathan Cowdell
Company secretary	Infrastructure Managers Limited
Registered office	Cannon Place 78 Cannon Street London EC4N 6AF
Independent auditors	Johnston Carmichael LLP 7-11 Melville Street Edinburgh EH3 7PE
Bankers	National Westminster Bank Plc PO Box 12263 1 Princes Street London EC2R 8PH

HpC King's College Hospital (Holdings) Limited

Strategic Report

Year ended 31 March 2023

The directors present their strategic report on the Group for the year ended 31 March 2023.

Principal Objectives and Strategies

The principal objective of the Group is a 38 year contract with King's College Hospital NHS Foundation Trust ("The Trust") ending on the 30 November 2037 for the design and construction of a new building, the refurbishment of the hospital's Ruskin Wing, and for the provision of certain non-clinical services at the hospital.

In 2012, the Trust and the group agreed to novate the Soft Facilities Management ("FM") services to the Trust, with the transaction taking effect on 1 May 2013. Prior to May 2013 the Group had been responsible for providing Soft FM services which covered portering, waste, laundry and linen, catering, cleaning and pest control services across the site. The Group is now only responsible for the provision of Hard FM (comprising estates and maintenance) and lifecycle services.

Review of the Business

As the Group is in the full operational phase it faces operational risks and actively monitors financial performance against loan covenants. During the year the Group was fully compliant with the contractual terms and incurred no penalty points. From a financial perspective the Group has been performing in line with the forecasting model and has been compliant with the covenants laid out in the Group loan agreement. The Group is also forecasting compliance with the covenants laid out in the Group loan agreement for the next 12 months.

The directors intend for the Group to continue to operate in line with the financial forecast model, contractual terms and do not expect any strategic changes.

Future Developments

The directors intend for the business to continue to operate in line with the financial forecast model, contractual terms and do not expect any strategic changes.

Key Performance Indicators

The performance of the Group from a cash perspective is assessed six monthly on a Group basis by the testing of the covenants of the senior debt provider. The key indicator being the historic debt service cover ratio, which was 1.69 as at 31 March 2023. This means that the Group has been performing well and has been compliant with the covenants laid out in the Group loan agreement and the directors are of the opinion that the covenants will continue to be met in future.

HpC King's College Hospital (Holdings) Limited

Strategic Report *(continued)*

Year ended 31 March 2023

Going Concern

The directors acknowledge that King's College Hospital NHS Foundation Trust was placed in special measures by NHS Improvement in December 2017 in view of its forecast financial deficit. In December 2022 the Trust transitioned from segment 4 to segment 3 of the NHS Oversight Framework and so no longer needs the support of the Recovery Support Programme. The likelihood of non-recoverability of the finance debtor is deemed to be low in light of the Trust's invoice settlement performance, the operationally critical nature of the Group's services and the NHS Trusts being supported by Government funding. There is also a deed of safeguard in place to protect the Group in the event of a default by the NHS Trust. The Group and Company's ability to continue as a going concern is dependent on the continuing servicing and recoverability of the group debt which is needed to service the listed debt. After reviewing the Group's forecasts and projections, the directors have a reasonable expectation that the Group and Company has adequate resources to continue in operational existence for the foreseeable future.

The loss made in the year is a result of the semi annual bond indexation being significantly larger than the prior year due to a significant increase in RPI.

The Group prepares cash flow forecasts covering the expected life of the asset and so including the 12 month period from the date the financial statements are signed. In drawing up these forecasts, the directors have made assumptions based upon their view of the current and future economic conditions that will prevail over the forecast period. Based on these forecasts the directors have a reasonable expectation that the Group and Company has adequate resources to continue in operational existence for the foreseeable future.

In light of this, the directors continue to adopt the going concern basis of accounting in preparing the Group's annual financial statements.

HpC King's College Hospital (Holdings) Limited

Strategic Report *(continued)*

Year ended 31 March 2023

Principal Risks and Uncertainties

Due to the nature of the Group's business, the financial risks the directors consider relevant to the Group are price, credit, liquidity, interest, inflation and operational risk.

Price Risk

The Group's price risk is managed through a thirty eight year contract with The Trust providing for payments that are fixed subject to performance, inflation and earnings indices and through sub-contracts with suppliers that largely mirror the provisions of the project agreement with The Trust. The other key business risks affecting the Group are considered to relate to increases in insurance and lifecycle costs. These costs are reviewed on a regular basis by the Board and strategies are in place to control these costs lines.

Credit Risk

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers. The Group receives its revenue from Kings College Hospital NHS Trust. In addition HpC King's College Hospital Limited holds a Deed of Safeguard to mitigate any credit risk. The directors monitor amounts due carefully and do not consider there to be a significant credit risk. The Group does not undertake financial instrument transactions which are speculative or unrelated to the Group's trading activities. Board approval is required for the use of any new financial instruments.

Liquidity Risk

Cash flows are generated on the availability of the hospital and from the operational management and maintenance of the facility. The project concession cash-flows are secured under contract from the NHS, a government body and the nature of the project is such that cashflows are reasonably predictable. The Company's exposure to cash flow fluctuations will continue to be monitored.

Interest and Inflation Risk

The Group mitigated its interest rate risk at the inception of the project by ensuring that the majority of its debt is at a fixed rate or a fixed rate uplifted by RPI increases. Income is also RPI linked, meaning the Group is insensitive to future RPI changes. The Group's exposure to interest and inflationary fluctuations will continue to be monitored.

Financial Risk

King's College Hospital NHS Foundation Trust was placed in special measures by NHS Improvement in December 2017 in view of its forecast financial deficit. In December 2022 the Trust transitioned from segment 4 to segment 3 of the NHS Oversight Framework and so no longer needs the support of the Recovery Support Programme. The likelihood of non-recovery of the Group's finance debtor is deemed to be low in light of the Trust's invoice settlement performance, the operationally critical nature of the Group's services and in light of NHS Trusts being supported by Government funding. There is also a deed of safeguard in place to protect the Group in the event of a default by the NHS Trust and accordingly the Company is not exposed to operational risk.

The Group mitigates the risk of unforeseen costs by regularly reviewing forecasts and periodically reviewing expected lifecycle costs. Deductions incurred are passed on to the Facilities Management provider.

HpC King's College Hospital (Holdings) Limited

Strategic Report *(continued)*

Year ended 31 March 2023

This report was approved by the board of directors and signed on behalf of the board by:



Mark Knight
Director

Date: 27 July 2023

HpC King's College Hospital (Holdings) Limited

Directors' Report

Year ended 31 March 2023

The directors present their report and the audited financial statements of HpC King's College Hospital (Holdings) Limited ("the Company") for the year ended 31 March 2023.

Directors

The directors who served the Company during the year and up to the date of this report were as follows:

Stuart Carter

John Cavill

Jonathan Cowdell

Mark Knight

(Appointed 7 February 2023)

John Wrinn

(Resigned 7 February 2023)

Performance Review

The loss for the year, after taxation, amounted to £4,885,084 (2021 loss: £1,791,827).

The loss for the year will be transferred to reserves.

A review of the Group and Company's performance is set out in the strategic report. The directors are satisfied that the Group and Company's performance is in line with expectation.

Dividends

The directors do not recommend the payment of a dividend.

Qualifying Indemnity Provision

The Group has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Disclosure of Information to Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the Group's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Auditor

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006

HpC King's College Hospital (Holdings) Limited

Directors' Report *(continued)*

Year ended 31 March 2023

This report was approved by the board of directors on 27 July 2023 and signed by order of the board by:



Mike Forrest on behalf of Infrastructure Managers Limited
Company Secretary

HpC King's College Hospital (Holdings) Limited

Directors' Responsibilities Statement

Year ended 31 March 2023

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

Company law requires the directors to prepare the Annual Report and Financial Statements for each financial year. Under that law the directors have prepared the Annual Report and Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland ("FRS 102"), and applicable law).

Under company law the directors must not approve the Annual Report and Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and the profit or loss of the Group for that period.

In preparing the Annual Report and Financial Statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the Annual Report and Financial Statements; and
- prepare the Annual Report and Financial Statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

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

HpC King's College Hospital (Holdings) Limited

Independent Auditor's Report to the Members of HpC King's College Hospital (Holdings) Limited

Opinion

We have audited the consolidated financial statements of HpC King's College Hospital (Holdings) Limited ('the parent company') and its subsidiary ('the group') for the year ended 31 March 2023, which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and notes the group financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- Give a true and fair view of the state of the group and the parent company's affairs as at 31 March 2023 and of its loss for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

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 responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions Relating to Going Concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

HpC King's College Hospital (Holdings) Limited

Independent Auditor's Report to the Members of HpC King's College Hospital (Holdings) Limited *(continued)*

Other Information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on Other Matters Prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- The information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on Which We are Required to Report by Exception

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

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

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

HpC King's College Hospital (Holdings) Limited

Independent Auditor's Report to the Members of HpC King's College Hospital (Holdings) Limited *(continued)*

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 8, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the Directors are responsible for assessing the group's and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the group or parent company or to cease operations, or have no realistic alternative but to do so.

Auditor 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.

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

HpC King's College Hospital (Holdings) Limited

Independent Auditor's Report to the Members of HpC King's College Hospital (Holdings) Limited *(continued)*

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 material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations by considering their experience, past performance and support available.

All engagement team members were briefed on relevant identified laws and regulations and potential fraud risks at the planning stage of the audit. Engagement team members were reminded to remain alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

We obtained an understanding of the legal and regulatory frameworks that are applicable to Company and the sector in which it operates, focusing on those provisions that had a direct effect on the determination of material amounts and disclosures in the financial statements. The most relevant frameworks we identified include:

- FRS 102
- Companies Act 2006
- Corporation Tax legislation
- VAT legislation

We gained an understanding of how the Company is complying with these laws and regulations by making enquiries of management and those charged with governance. We corroborated these enquiries through our review of relevant correspondence with regulatory bodies and board meeting minutes.

We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur, by meeting with management and those charged with governance to understand where it was considered there was susceptibility to fraud. This evaluation also considered how management and those charged with governance were remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how management and those charged with governance oversee the implementation and operation of controls. We identified a heightened fraud risk in relation to:

- Management override of controls
- Revenue recognition

HpC King's College Hospital (Holdings) Limited

Independent Auditor's Report to the Members of HpC King's College Hospital (Holdings) Limited *(continued)*

In addition to the above, the following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

- Reviewing minutes of meetings of those charged with governance for reference to: breaches of laws and regulation or for any indication of any potential litigation and claims; and events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud;
- Reviewing the level of and reasoning behind the Company's procurement of legal and professional services;
- Performing audit work procedures over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing judgements made by management in their calculation of accounting estimates for potential management bias;
- Completion of appropriate checklists and use of our experience to assess the Company's compliance with the Companies Act 2006;
- Agreement of the financial statement disclosures to supporting documentation; and
- Ensuring calculations of revenue were performed accurately and recognised consistently based on historical margin comparisons.

Our audit procedures were designed to respond to the risk of material misstatements in the financial statements, recognising that 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 intentional concealment, forgery, collusion, omission or misrepresentation. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

Use of Our Report

This report is made solely to the parent 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 parent 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.


Irvine Spowart (Senior Statutory Auditor)
for and on behalf of Johnston Carmichael LLP

Chartered accountants
Statutory auditor
7-11 Melville Street
Edinburgh
EH3 7PE

27 July 2023

HpC King's College Hospital (Holdings) Limited

Consolidated Statement of Comprehensive Income

Year ended 31 March 2023

	Note	2023 £	2022 £
Turnover	4	6,492,409	6,370,917
Cost of sales		(2,247,566)	(2,331,737)
Gross Profit		4,244,843	4,039,180
Administrative expenses		(594,037)	(585,814)
Operating Profit	5	3,650,806	3,453,366
Interest receivable	7	2,881,969	2,716,339
Interest payable	8	(13,041,475)	(7,748,203)
Loss Before Taxation		(6,508,700)	(1,578,498)
Taxation on ordinary activities	9	1,623,616	(213,329)
Loss for the Financial Year and Total Comprehensive Expense		(4,885,084)	(1,791,827)

All the activities of the group are from continuing operations.

The notes on pages 20 to 34 form part of these financial statements.

HpC King's College Hospital (Holdings) Limited

Consolidated Statement of Financial Position

As at 31 March 2023

	Note	2023 £	2022 £
Current Assets			
Debtors: due within one year	11	27,848,317	4,319,742
Debtors: due after more than one year	11	41,388,081	48,009,142
Cash at bank and in hand		4,104,915	23,602,893
		<u>73,341,313</u>	<u>75,931,777</u>
Creditors: amounts falling due within one year	12	<u>(9,035,333)</u>	<u>(4,388,209)</u>
Net Current Assets		<u>64,305,980</u>	<u>71,543,568</u>
Total Assets Less Current Liabilities		<u>64,305,980</u>	<u>71,543,568</u>
Creditors: amounts falling due after more than one year	13	<u>(78,927,630)</u>	<u>(80,153,581)</u>
Provisions			
Taxation including deferred tax	14	–	(1,126,553)
Other provisions	14	(32,478)	(32,478)
		<u>(32,478)</u>	<u>(1,159,031)</u>
Net Liabilities		<u>(14,654,128)</u>	<u>(9,769,044)</u>
Capital and Reserves			
Called up share capital	16	150,000	150,000
Profit and loss account	17	(14,804,128)	(9,919,044)
Shareholders Deficit		<u>(14,654,128)</u>	<u>(9,769,044)</u>

The Financial Statements were approved by the board of directors and authorised for issue on 27 July 2023, and are signed on behalf of the board by:



Mark Knight
Director

Company registration number: 03847393

The notes on pages 20 to 34 form part of these financial statements.

HpC King's College Hospital (Holdings) Limited

Company Statement of Financial Position

As at 31 March 2023

	Note	2023 £	2022 £
Fixed Assets			
Investments	10	150,000	150,000
Current Assets			
Debtors: due within one year	11	448,472	493,037
Debtors: due after more than one year	11	5,988,986	5,988,688
Cash at bank and in hand		25	25
		<u>6,437,483</u>	<u>6,481,750</u>
Creditors: amounts falling due within one year	12	<u>(448,596)</u>	<u>(493,103)</u>
Net Current Assets		<u>5,988,887</u>	<u>5,988,647</u>
Total Assets Less Current Liabilities		<u>6,138,887</u>	<u>6,138,647</u>
Creditors: amounts falling due after more than one year	13	<u>(5,988,986)</u>	<u>(5,988,688)</u>
Provisions			
Taxation including deferred tax		-	2
Net Assets		<u>149,901</u>	<u>149,961</u>
Capital and Reserves			
Called up share capital	16	150,000	150,000
Profit and loss account	17		
At beginning of year		(39)	(8)
Loss for the year		(60)	(31)
At end of year		<u>(99)</u>	<u>(39)</u>
Shareholders Funds		<u>149,901</u>	<u>149,961</u>

The loss for the financial year of the parent company was £60 (2022: £31).

The Financial Statements were approved by the board of directors and authorised for issue on 27 July 2023, and are signed on behalf of the board by:



Mark Knight
Director

Company registration number: 03847393

The notes on pages 20 to 34 form part of these financial statements.

HpC King's College Hospital (Holdings) Limited

Consolidated Statement of Changes in Equity

Year ended 31 March 2023

	Called up share capital £	Profit and loss account £	Total £
At 1 April 2021	150,000	(8,127,217)	(7,977,217)
Loss for the financial year		(1,791,827)	(1,791,827)
Total Comprehensive Expense for the Year	—	(1,791,827)	(1,791,827)
At 31 March 2022	150,000	(9,919,044)	(9,769,044)
Loss for the financial year		(4,885,084)	(4,885,084)
Total Comprehensive Expense for the Year	—	(4,885,084)	(4,885,084)
At 31 March 2023	150,000	(14,804,128)	(14,654,128)

The notes on pages 20 to 34 form part of these financial statements.

HpC King's College Hospital (Holdings) Limited

Company Statement of Changes in Equity

Year ended 31 March 2023

	Called up share capital £	Profit and loss account £	Total £
At 1 April 2021	150,000	(8)	149,992
Loss for the financial year		(31)	(31)
Total Comprehensive Expense for the Year	—	(31)	(31)
At 31 March 2022	150,000	(39)	149,961
Loss for the financial year		(60)	(60)
Total Comprehensive Expense for the Year	—	(60)	(60)
At 31 March 2023	<u>150,000</u>	<u>(99)</u>	<u>149,901</u>

The notes on pages 20 to 34 form part of these financial statements.

HpC King's College Hospital (Holdings) Limited

Consolidated Statement of Cash Flows

Year ended 31 March 2023

	Note	2023 £	2022 £
Cash generated from operations	18	(13,083,143)	10,602,152
Interest paid		(3,787,126)	(4,764,208)
Interest received		2,881,967	2,716,339
Net cash generated (used in)/from operating activities		<u>(13,988,302)</u>	<u>8,554,283</u>
Cash Flows from Financing Activities			
Repayment of Loans from Group Undertakings		(29,010)	(726,705)
Repayments of Borrowings		<u>(5,480,666)</u>	<u>(4,932,220)</u>
Net cash used in financing activities		<u>(5,509,676)</u>	<u>(5,658,925)</u>
Net (Decrease)/Increase in Cash and Cash Equivalents		(19,497,978)	2,895,358
Cash and Cash Equivalents at Beginning of Year		23,602,893	20,707,534
Cash and Cash Equivalents at End of Year		<u>4,104,915</u>	<u>23,602,892</u>

The notes on pages 20 to 34 form part of these financial statements.

HpC King's College Hospital (Holdings) Limited

Notes to the Financial Statements

Year ended 31 March 2023

1. General information

HpC King's College Hospital (Holdings) Limited ("the Company" and "the Group") is a private company limited by shares and is incorporated, registered and domiciled in the UK. The address of its registered office is Cannon Place, 78 Cannon Street, London, EC4N 6AF.

The company's principal activity is that of a holding company, with its directly owned subsidiary being HpC King's College Hospital Limited and indirectly owned subsidiary being HpC King's College Hospital (issuer) plc. The principal activity of the Group is a 38 year contract with King's College Hospital NHS Foundation Trust ending on the 30 November 2037 for the design and construction of a new building, the refurbishment of the hospital's Ruskin Wing, and for the provision of certain non-clinical services at the hospital.

The Company and Group's functional and presentation currency is the pound Sterling. Monetary amounts in these financial statements are rounded to the nearest pound.

2. Statement of compliance

The individual and consolidated financial statements of HpC King's College Hospital (Holdings) Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Accounting policies

(a) Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed further in the accounting policies.

The accounting policies stated below have been consistently applied to the years presented, unless otherwise stated.

HpC King's College Hospital (Holdings) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2023

3. Accounting policies *(continued)*

(b) Going concern

The directors acknowledge that King's College Hospital NHS Foundation Trust was placed in special measures by NHS Improvement in December 2017 in view of its forecast financial deficit. In December 2022 the Trust transitioned from segment 4 to segment 3 of the NHS Oversight Framework and so no longer needs the support of the Recovery Support Programme. Non-recoverability of the finance debtor is deemed to be low in light of the Trust's invoice settlement performance, the operationally critical nature of the Group's services and the NHS Trusts being supported by Government funding. There is also a deed of safeguard in place to protect the Group in the event of a default by the NHS Trust. The Company's ability to continue as a going concern is dependent on the continuing servicing and recoverability of the group debt which is needed to service the listed debt. After reviewing the Group's forecasts and projections, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

The loss made in the year is a result of the semi annual bond indexation being significantly larger than the prior year due to a significant increase in RPI.

The Group prepares cash flow forecasts covering the expected life of the asset and so including the 12 month period from the date the financial statements are signed. In drawing up these forecasts, the directors have made assumptions based upon their view of the current and future economic conditions that will prevail over the forecast period. Based on these forecasts the directors have a reasonable expectation that the Group and Company has adequate resources to continue in operational existence for the foreseeable future.

In light of this, the directors continue to adopt the going concern basis of accounting in preparing the Group and Company's annual financial statements.

(c) Disclosure exemptions

The parent Company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

(a) No cash flow statement has been presented for the Company.

As the Company publishes consolidated financial statements, it has taken advantage of the exemption in section 33 of FRS 102 'Related Party Disclosures', that allows it not to disclose transactions with wholly owned members of a group.

(d) Consolidation

The consolidated financial statements include the Company and all its subsidiary undertakings. Where subsidiary undertakings are acquired during the period their results are included in the consolidated financial statements from the date of acquisition up to the date of the financial period end.

The parent company has applied the exemption contained in section 408 of the Companies Act 2006 and has not included its individual Statement of Comprehensive Income.

HpC King's College Hospital (Holdings) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2023

3. Accounting policies *(continued)*

(e) Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported. These estimates and judgments are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty are as follows:

i) Impairment of assets

The carrying value of those assets recorded in the Group's Statement of Financial Position, at amortised cost, could be materially reduced where circumstances exist which might indicate that an asset has been impaired and an impairment review is performed. Impairment reviews consider the fair value and/or value in use of the potentially impaired asset or assets and compares that with the carrying value of the asset or assets in the Statement of Financial Position. Any reduction in value arising from such a review would be recorded in the Statement of Comprehensive Income. Impairment reviews involve the significant use of assumptions. Consideration has to be given as to the price that could be obtained for the asset or assets, or in relation to a consideration of value in use, estimates of the future cash flows that could be generated by the potentially impaired asset or assets, together with a consideration of an appropriate discount rate to apply to those cash flows.

ii) Service concession arrangements

Accounting for the service concession contract and finance debtors requires estimation of service margins, finance debtor interest rates and associated amortisation profile which is based on forecast results of the contract.

iii) Lifecycle risk

Lifecycle costs are a significant portion of future expenditure. Given the length of the Company's service concession contract, the forecast of lifecycle costs is subject to estimation, uncertainty and changes in the amount and timing of expenditure that could have material impacts. The risk here is mitigated by future estimates of lifecycle expenditure being prepared by maintenance experts on an asset by asset basis and periodic technical evaluations of the physical condition of the facilities undertaken. Lifecycle costs borne by the Company are recognised as they are incurred and estimated over the remaining contract period.

HpC King's College Hospital (Holdings) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2023

3. Accounting policies *(continued)*

(f) Revenue recognition

Turnover represents the services' share of the management services income received by the Group for the provision of a PFI asset to the customer. This income is received over the life of the concession period. Management service income is allocated between turnover, finance debtor interest and reimbursement of finance debtor so as to generate a constant rate of return in respect of the finance debtor over the life of the contract.

Revenue from the rendering of services is recognised as a margin on non passthrough operating and maintenance costs.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that it is probable the expenses recognised will be recovered.

(g) Finance debtor

The Group has taken the transition exemption in FRS 102 Section 35.10(i) that allows the Group to continue the service concession arrangement accounting policies from previous UK GAAP.

The Group is accounting for the concession asset based on the ability to substantially transfer all the risks and rewards of ownership to the customer, with this arrangement the costs incurred by the Group on the design, refurbishment and construction of the assets have been treated as a finance debtor within these financial statements.

HpC King's College Hospital (Holdings) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2023

3. Accounting policies *(continued)*

(h) Income tax

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in Other Comprehensive Income or directly in equity. In this case tax is also recognised in Other Comprehensive Income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

i) Current Tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end. The directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is also recognised on the revaluations of derivative financial instruments, with the movements going through the Statement of Comprehensive Income.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the deferred tax asset or liability.

(i) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of six months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

The Group is obligated to keep cash reserves as at the balance sheet date and 30th September in respect of requirements in the company's funding agreements. This restricted cash balance, which is shown within the "other debtors" balance amounts to £13,231k (2022: £12,853k) as at the balance sheet date.

HpC King's College Hospital (Holdings) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2023

3. Accounting policies *(continued)*

(j) Borrowings

Borrowings are recognised at amortised cost using the effective interest rate method. Under the effective interest rate method, any transaction fees, costs, discounts and premiums directly related to the borrowings are recognised in the Statement of Comprehensive Income over the life of the borrowings. Borrowings with maturities greater than twelve months after the reporting date are classified as non-current liabilities.

(k) Lifecycle

The Group is responsible for the lifecycle costs associated with its principal activity, however risk here is mitigated by partially passing on lifecycle risk to a third party facilities management company. Lifecycle costs are accounted for on an accrual basis as disclosed in the indicative lifecycle works program or lifecycle tracker as used by all parties through the operating phase of the concession period.

(l) Investments

Investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

(m) Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the Statement of Financial Position and the amount of the provision as an expense. Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in the Statement of Comprehensive Income unless the provision was originally recognised as part of the cost of an asset.

(n) Financial instruments

The Group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' of FRS 102 in full to all of its financial instruments. A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price and subsequently at amortised cost, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

HpC King's College Hospital (Holdings) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2023

3. Accounting policies *(continued)*

Financial instruments *(continued)*

Debt instruments are subsequently measured at the transaction price and subsequently at amortised cost, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in the Statement of Comprehensive Income, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in the Statement of Comprehensive Income immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in the Statement of Comprehensive Income immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the Statement of Financial Position. Finance costs and gains or losses relating to financial liabilities are included in the Statement of Comprehensive Income. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

4. Turnover

Turnover arises from:

	2023	2022
	£	£
Rendering of services	<u>6,492,409</u>	<u>12,741,834</u>

The whole of the turnover is attributable to the principal activity of the group wholly undertaken in the United Kingdom.

HpC King's College Hospital (Holdings) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2023

5. Operating loss

Operating profit or loss is stated after charging:

	2023	2022
	£	£
Fees payable for the audit of the financial statements	<u>23,990</u>	<u>19,900</u>

The audit fee of £23,990 (2022: £19,900) includes the fee for the immediate parent entity HpC King's College Hospital (Holdings) Limited and HpC King's College Hospital (Issuer) plc.

6. Particulars of employees and directors

The average number of persons employed by the Group and Company during the financial year, including the directors, amounted to nil (2022: nil). The directors did not receive any remuneration from the Group and Company during the year (2022: £nil). Fees paid to investors in respect of their directors are disclosed in note 20.

7. Interest receivable

	2023	2022
	£	£
Interest on cash and cash equivalents	262,827	292
Interest receivable from long-term trade debtor	<u>2,619,142</u>	<u>2,716,047</u>
	<u>2,881,969</u>	<u>2,716,339</u>

8. Interest payable

	2023	2022
	£	£
Interest due to Group undertakings	828,058	901,837
Secured bond interest payable	<u>11,948,849</u>	<u>5,603,745</u>
Loan stock redemption premium	–	986,662
Other interest payable and similar expenses	<u>264,568</u>	<u>255,959</u>
	<u>13,041,475</u>	<u>7,748,203</u>

9. Taxation on ordinary activities

Major components of tax expense

	2023	2022
	£	£
Deferred tax:		
Origination and reversal of timing differences	<u>(1,623,616)</u>	<u>213,329</u>
Taxation on ordinary activities	<u>(1,623,616)</u>	<u>213,329</u>

HpC King's College Hospital (Holdings) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2023

9. Taxation on ordinary activities *(continued)*

Reconciliation of tax (income)/expense

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

	2023 £	2022 £
Loss before taxation	(6,508,700)	(1,578,498)
Loss before taxation by rate of tax	(1,236,642)	(299,908)
Effect of expenses not deductible for tax purposes	140,916	122,465
Effect of change in tax rate	(518,979)	399,684
Losses available for utilisation	(8,911)	(8,912)
Total tax (credit)/charge	(1,623,616)	213,329

10. Investments

The group has no investments.

Company	Shares in group undertaking s £
Cost	
At 1 April 2022 and 31 March 2023	150,000
Impairment	
At 1 April 2022 and 31 March 2023	—
Carrying amount	
At 1 April 2022 and 31 March 2023	150,000
At 31 March 2022	150,000

HpC King's College Hospital (Holdings) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2023

10. Investments *(continued)*

The Company owns 100% of the issued ordinary share capital of HpC King's College Hospital Limited, a Company registered at 78 Cannon Street, London, EC4N 6AF.

	2023 £	2022 £
Aggregate capital and reserves	(14,654,029)	(9,769,005)
Profit for the year	(4,885,024)	(1,791,796)

The directors acknowledge the investment is in net liabilities, however they have received assurances from the key creditors that outstanding liabilities will not be called within 12 months of signing the financial statements. The directors have reviewed the investments forecasts and projections and have reasonable expectation that no impairment indicators exist and the investment will continue in operation existence for the foreseeable future.

The Company owns directly and indirectly 100% of the issued ordinary share capital of HpC King's College Hospital (Issuer) Plc, a Company registered at 78 Cannon Street, London, EC4N 6AF.

	2023 £	2022 £
Aggregate capital and reserves	50,000	50,000
Profit for the year	—	—

The directors believe that the carrying value of the investments is supported by their underlying net assets.

11. Debtors

Debtors amounts falling due within one year are as follows:

	Group		Company	
	2023 £	2022 £	2023 £	2022 £
Trade debtors	1,503,874	1,361,832	—	—
Amounts owed by Group undertakings	—	—	448,472	493,037
Prepayments and accrued income	145,584	130,259	—	—
Finance Debtor	2,967,859	2,827,651	—	—
Other debtors	23,231,000	—	—	—
	<u>27,848,317</u>	<u>4,319,742</u>	<u>448,472</u>	<u>493,037</u>

Debtors amounts falling due after more than one year are as follows:

	Group		Company	
	2023 £	2022 £	2023 £	2022 £
Amounts owed by Group undertakings	—	—	5,988,986	5,988,688
Deferred tax asset	497,062	—	—	—
Finance Debtor	40,891,019	48,009,142	—	—
	<u>41,388,081</u>	<u>48,009,142</u>	<u>5,988,986</u>	<u>5,988,688</u>

HpC King's College Hospital (Holdings) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2023

11. Debtors *(continued)*

Amounts owed by Group undertakings relate to unsecured loan stock with a value of £1,714,00,0 (2022: £1,743,010) due 2037, bearing interest at LIBOR plus 13.45% and another unsecured loan with a value of £4,291,987 (2022: £4,291,987) due 2037, bearing interest at 13.04%. The balance also includes accrued interest of £431,472 (2022: £446,730).

The movement in the finance debtor is analysed as follows:

	2023	2022
	£	£
At beginning of year	50,836,793	56,738,544
Movement in the year	(6,977,915)	(5,901,751)
At end of year	<u>43,858,878</u>	<u>50,836,793</u>

Included in the movement in the year is amortisation of the finance debtor amounting to £2,496,872 (2022: £2,169,946).

On completion of the construction, borrowing costs of £8,423,000 were capitalised within the finance receivable.

12. Creditors: amounts falling due within one year

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Trade creditors	249,482	763,466	–	–
Amounts owed to Group undertakings	413,014	439,852	413,013	439,852
Accruals and deferred income	59,590	42,179	124	66
Taxation and social security	721,867	547,019	–	–
Other loans	35,459	53,185	35,459	53,185
Secured bond 2036	6,245,829	1,245,902	–	–
Other creditors	1,310,092	1,296,606	–	–
	<u>9,035,333</u>	<u>4,388,209</u>	<u>448,596</u>	<u>493,103</u>

Amounts owed to Group undertakings are discussed further in note 13.

13. Creditors: amounts falling due after more than one year

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Amounts owed to Group undertakings	5,564,435	5,564,213	5,564,435	5,564,213
Other loans	424,551	424,478	424,551	424,475
Secured bond 2036	72,938,644	74,164,890	–	–
	<u>78,927,630</u>	<u>80,153,581</u>	<u>5,988,986</u>	<u>5,988,688</u>

HpC King's College Hospital (Holdings) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2023

13. Creditors: amounts falling due after more than one year *(continued)*

Included within creditors: amounts falling due after more than one year is an amount of £47,386,979 (2022: £62,393,447) for the group and £1,419,062 (2022: £1,495,065) for the company in respect of liabilities payable or repayable by instalments which fall due for payment after more than five years from the reporting date.

Included within creditors: amounts falling due after more than one year is an amount of £4,291,981 (2022: £4,291,981) for the group and £4,291,981 (2022: £4,291,981) for the company in respect of liabilities payable or repayable otherwise than by instalments which fall due for payment after more than five years from the reporting date.

Amounts owed to Group undertakings

Amounts owed to Group undertakings relate to unsecured loan stock with a value of £1,285,195 (2022: £1,306,947) due 2037, bearing interest at LIBOR plus 13.45% and another unsecured loan with a value of £4,291,987 (2022: £4,291,987) due 2037, bearing interest at 13.04%. The balance also includes accrued interest of £392,961 (2022: £404,785).

On 5 March 2021, the Financial Conduct Authority (FCA) announced that LIBOR rates were to cease on 31 December 2021. For most sectors in the UK, LIBOR will be replaced by a new benchmark interest rate called SONIA (Sterling Overnight Index Average). SONIA is based on actual historic transactions and reflects the average of the interest rates that banks pay to borrow sterling overnight from financial institutions and other institutional investors. SONIA is administered and produced by the Bank of England. Some LIBOR rates may continue in 2022, as 'Synthetic LIBOR', on financing arrangements deemed by the FCA as tough legacy contracts. However, the use of Synthetic LIBOR is only intended to be temporary and will be calculated very differently from historical panel bank LIBOR, which will no longer be available. The transition to SONIA is still ongoing. There is no material impact on the company as at 31 March 23.

Other loans

Other loans relate to unsecured loan stock with a value of £428,805 (2022: £436,062) due 2037, bearing interest at LIBOR plus 13.45%. The balance also includes accrued interest of £38,511 (2022: £41,955).

Secured bonds

The Group has in issue 3.443% index-linked guaranteed secured bond due 2004-2036. Both the interest and the principal balances are adjusted for the increase in the Retail Price Index at six monthly intervals, which at 31 March 2023 amounted cumulatively to 107.75% (2022: 84.93%). The un-indexed principal balance outstanding at 31 March 2023 is £38,354,897 (2022: £41,094,581) and the indexed principal balance outstanding at 31 March 23 is £79,684,718 (2022: £75,997,897). The loan is secured by way of a fixed and floating charge over the assets of the company and its subsidiary.

14. Provisions

Group	Deferred tax (note 15) £	Building Repairs £	Total £
At 1 April 2022	1,126,553	32,478	1,159,031
Deferred tax	(1,126,553)	–	(1,126,553)
At 31 March 2023	–	32,478	32,478

The Company does not have any provisions.

HpC King's College Hospital (Holdings) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2023

14. Provisions *(continued)*

HpC Kings College Hospital Limited anticipates that it will incur costs of £32,478 for Building Repair Works in the Golden Jubilee Wing. These works are expected to be completed in the year to 31 March 2024.

15. Deferred tax

The deferred tax included in the Statement of Financial Position is as follows:

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Included in debtors (note 11)	497,062	–	–	–
Included in provisions (note 14)	–	(1,126,553)	–	2
	<u>497,062</u>	<u>(1,126,553)</u>	<u>–</u>	<u>2</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Accelerated capital allowances	6,941,959	7,141,043	–	–
Unused tax losses	(7,421,083)	(5,994,770)	–	–
Other timing differences	(17,938)	(19,718)	–	–
	<u>(497,062)</u>	<u>1,126,555</u>	<u>–</u>	<u>–</u>

The net deferred tax liability expected to reverse in 2024 is £975,950 (2023: £538,796). This primarily relates to the reversal of timing differences on capital allowances offset by expected utilisation of tax losses and short term timing differences.

16. Called up share capital

Issued, called up and fully paid

	2023		2022	
	No.	£	No.	£
Ordinary shares of £1 each	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>

17. Reserves

Retained earnings - This reserve records retained earnings and accumulated losses.

HpC King's College Hospital (Holdings) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2023

18. Cash generated from operations

	2023 £	2022 £
Loss for the financial year	(4,885,084)	(1,791,827)
<i>Adjustments for:</i>		
Interest receivable	(2,881,969)	(2,716,339)
Interest payable	13,041,475	7,748,203
Taxation on ordinary activities	(1,623,616)	213,329
<i>Changes in:</i>		
Trade and other debtors	(16,410,451)	5,592,748
Trade and other creditors	(323,498)	1,556,038
	<u>(13,083,143)</u>	<u>10,602,152</u>

19. Analysis of changes in net debt

	At 1 Apr 2022 £	Cash flows £	Other changes £	At 31 Mar 2023 £
Cash at bank and in hand	23,602,893	(19,497,978)	–	4,104,915
Debt due within one year	(1,292,210)	(3,744,669)	(1,225,949)	(6,262,828)
Debt due after one year	(80,153,581)	–	1,225,949	(78,927,632)
	<u>(57,842,898)</u>	<u>(23,242,647)</u>	<u>–</u>	<u>(81,085,545)</u>

HpC King's College Hospital (Holdings) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2023

20. Related party transactions

Company

As the Company publishes consolidated financial statements, it has taken advantage of the exemption in section 33 of FRS 102 'Related Party Disclosures', that allows it not to disclose transactions with wholly owned members of a group.

The following disclosures are with entities in the Group that are not wholly owned:

Elbon PFI Fund (Investments) Limited holds 74.982% of the loan stock and 100% of the CBIS loan in HPC Kings College Hospital (Holdings) Limited. During the year £213,828 (2022: £131,996) of loan stock interest was paid to Elbon PFI Fund (Investments) Limited as well as capital repayments of £21,752 (2022: £544,900) and early repayment premium of £nil (2022: £739,821). CBIS interest of £558,142 (2022: £279,071) was also paid to Elbon PFI Fund (Investments) Limited during the year. Unpaid loan stock interest was £115,424 (2022: £125,714) and CBIS interest was £277,538 (2022: £279,071) as at 31 March 2023. The outstanding balances due to Elbon PFI Fund (Investments) Limited as at 31 March 2023 were loan stock of £1,285,191 (2022: £1,306,947) and CBIS loan of £4,291,987 (2022: £4,291,987).

Sodexo Investments Services Limited holds 25.018% of the loan stock in HPC Kings College Hospital (Holdings) Limited. During the year interest of £71,345 (2022: £44,040) was paid to Sodexo Investments Services Limited as well capital repayments of £7,257 (2022: £181,806) and early repayment premium of £nil (2022: £246,841). Unpaid loan stock interest was £38,511 (2022: £41,945) as at 31 March 2023. The outstanding balance due to Sodexo Investments Services Limited as at 31 March 2023 was loan stock of £428,808 (2022: £436,062).

The Group paid £51,881 (2022: £47,782) to Sodexo Investment Services Limited for the provision of 2 directors. Amounts outstanding at year end - £nil (2022: £28,865).

The Group paid £117,911 (2022: £109,338) to BIIF Bidco Limited for the provision of 2 directors. As at 31 March 2023 £nil (2022: £nil) remained outstanding.

The Group sub-contracted Sodexo Limited, part of the Sodexo Group, to manage the lifecycle and estate services. The amount invoiced by Sodexo Limited in the year for these services amounted to £4,211,283 (2022: £3,165,355). As at 31 March 2023 £84,833 (2022: £691,617) remained outstanding.

21. Controlling party

The ultimate parent and controlling party is BIIF L.P. BIIF L.P. is owned by a number of investors with no one investor having individual control.