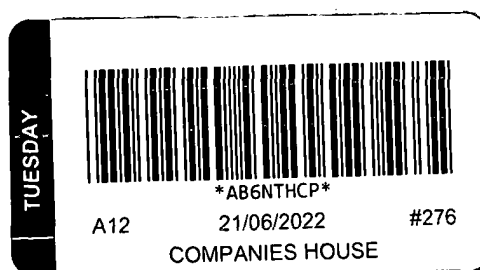


Registered number: 04057595

# **ROEHAMPTON HOSPITAL LIMITED**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 SEPTEMBER 2021**



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**ROEHAMPTON HOSPITAL LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	SA Carter JNE Cowdell CT Solley PA Would (resigned 14 April 2021) RAM Gillespie (resigned 1 April 2021) AL Tennant H Holman (appointed 1 April 2021) G S Pearce (appointed 14 April 2021)
<b>Company secretary</b>	O M Peach (appointed 2 November 2021)
<b>Registered number</b>	04057595
<b>Registered office</b>	3rd Floor (South Building) 200 Aldersgate Street London EC1A 4HD
<b>Independent auditor</b>	BDO LLP 3 Hardman Street Manchester M3 3AT

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**ROEHAMPTON HOSPITAL LIMITED**

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**ROEHAMPTON HOSPITAL LIMITED**

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**STRATEGIC REPORT  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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**Introduction**

The directors present their annual strategic report and the audited financial statements for the year ended 30 September 2021.

**Business review**

The results of the Company for the year are set out in the Statement of Comprehensive Income on page 11. Turnover for the year was £12,561,000 (2020 restated: £11,809,000) with profit before taxation of £1,494,000 (2020: £2,081,000). The decrease in profit is due to additional legal and financial model costs in relation to the contractual market testing process. During the year the Company did not pay out any dividends (2020: £1,333,000).

At the year end the Company has total outstanding debt of £56,966,000 (2020: £59,481,000) and holds cash reserves totaling £11,962,000 (2020: £12,165,000). The Company currently has net liabilities of £7,956,000 (2020: £13,118,000) as a result of accounting for the fair value of interest rate and RPI swap agreements, the majority of which do not crystallise as liabilities for a number of years.

The business has remained compliant with debt service and cover ratios during the year and scheduled debt interest and capital payments were made as planned.

During the year the Company has undertaken a review, in collaboration with the sole customer, of the historic billing position. Further details are included within the Going Concern assessment.

**Development and performance of the business**

Full operational services are being provided and these are generally progressing well, with minimal performance deductions. The project continues to operate smoothly following the transfer of the original 30 year concession agreement to NHS Property Services Limited in 2013. The Company continues to provide full operational services at Queen Mary's Hospital, Roehampton.

The Directors of the Company are not aware of any circumstances by which the principal activity of the Company would alter or cease.

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## ROEHAMPTON HOSPITAL LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

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#### Principal risks and uncertainties

The Company has a single client; although loss of this client would be financially significant, the Company mitigates this risk via project contracts and by only dealing with creditworthy government authorities.

The Company's board of Directors has built an appropriate liquidity risk management framework for the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate cash reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities.

Exposure to movements in interest rates and the retail prices index were hedged at financial close via an interest rate swap and an RPI swap respectively. The senior debt facility was increased in 2008 to fund a variation in part of the hospital. This interest on additional borrowing, which represents approximately 2% of total senior debt, is not hedged. The directors do not consider the additional exposure to be material.

There is a risk of financial loss through unavailability and performance deductions. This is mitigated as deductions are fully passed down to the sub contractors. Contractual compliance and reporting requirements are regularly monitored to ensure all undertakings are met on a timely basis.

The Directors have considered the stability of financial counterparties and have concluded that all financial counterparties have the ability to meet all contractual obligations.

#### Key performance indicators

The Company is governed by a detailed set of key performance indicators across the business as a whole.

These performance measures relate to:

- Health & Safety;
- Programme delivery (design and construction management);
- Service delivery;
- Asset management;
- Environmental management; and
- Customer satisfaction.

During the year, penalties totalling £26,174 (2020 - £1,285) were imposed for unavailability of hospital areas or for sub-standard delivery of operational services. This represent less than 1% of the total fees charged by the service providers. These are therefore deemed to be inconsequential and do not pose a significant risk to the Company.

The Company's management produces comparisons of actual cash flows against forecast cash flows from the financial model and analyse any fluctuations. On both these measures, the directors are satisfied that budget assumptions are being met.

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**ROEHAMPTON HOSPITAL LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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**Going Concern**

The Company currently has net liabilities of £7,956,000 (2020: £13,118,000) as a result of accounting for the fair value of interest rate swap agreements, the majority of which do not crystallise as liabilities for a number of years. As such, the Company's forecasts and projections, taking account of the impact of swaps and reasonably possible changes in trading performance, show that it should be able to operate within the level of its current facilities and continue to meet forecast loan covenants. The financial model in place allows the Directors to review forecasts, including cash flows, and allows for stress testing against the loan covenants. Due to the contractual nature of the SPV, cash flows are guaranteed with the only risk around going concern being the levels of service which are monitored closely through review of KPIs. The Directors have reviewed these tests and are satisfied with the results and consider the Company to be a going concern.

During the year the Company has undertaken a review, in collaboration with the sole customer, of the historic billing position. Whilst the review remains ongoing at the date of signing of the financial statements, significant progress has been made, and after careful review and consideration of all matters in relation to the exercise, the directors remain confident that the outcome of the review will not negatively affect the Company's forecasted cash flows. Additionally, the directors have ensured that the Company maintains a reasonable cash balance to allow the Company to settle short term liabilities that may arise from time to time as a result of this review. For these reasons, the directors have prepared the financial statements on a going concern basis.

The Directors have considered the potential long term impact on the business of the effects of the current pandemic (Covid-19) and have put in place plans to mitigate the currently known, and potential risks to business continuity. The unitary charge income received from the local authority is highly predictable and there have been no delays to date in payment of this charge. The Directors have also performed a review of the financial stability of the Local Authority and have concluded that they will be able to continue to pay their suppliers, and therefore the Directors do not believe that there is any material risk to income or cash flows.

This report was approved by the board and signed on its behalf.

DocuSigned by:  
  
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**H Holman**  
Director

Date: 13-May-2022 | 2:21 PM BST

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**ROEHAMPTON HOSPITAL LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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

**Principal activities**

The principal activities of the Company are to design, construct and operate certain facilities and provide nonclinical services at Queen Mary's Hospital, Roehampton for a period of 30 years under a concession agreement with NHS Property Services Limited (previously Wandsworth PCT). The agreement to provide a new hospital, associated facilities management and hotel services and equipment services was signed on 6 May 2004.

Construction of the hospital commenced on 22 September 2003 and was completed in February 2006. The concession agreement was transferred from Wandsworth PCT to NHS Property Services Limited and a Deed of Safeguard was signed on 21 March 2013 to ensure that the terms of the agreement remain the same.

**Results and dividends**

The profit for the year, after taxation, amounted to £1,200,000 (2020 - £1,614,000).

The Company did not make any dividend payments in the year (2020: £1,333,000).

**Directors**

The directors who served during the year were:

SA Carter  
JNE Cowdell  
CT Solley  
PA Would (resigned 14 April 2021)  
RAM Gillespie (resigned 1 April 2021)  
AL Tennant  
H Holman (appointed 1 April 2021)  
G S Pearce (appointed 14 April 2021)

The directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

**Matters covered in the Strategic report**

The Directors have considered it to be more appropriate to disclose the business review, risk management, future developments and business performance in the Strategic Report as they are of strategic importance.

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**ROEHAMPTON HOSPITAL LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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**Disclosure of information to auditor**


Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**Auditor**

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

DocuSigned by:  
  
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**H Holman**  
Director

Date: 13-May-2022 | 2:21 PM BST



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**ROEHAMPTON HOSPITAL LIMITED**

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**DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

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

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

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**ROEHAMPTON HOSPITAL LIMITED**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROEHAMPTON HOSPITAL LIMITED**

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**Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2021 and of its profit 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.

We have audited the financial statements of Roehampton Hospital Limited ("the Company") for the year ended 30 September 2021 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of 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)

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Independence**

We conducted our audit in accordance with International Standard on Auditing (UK) (IAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We 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 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.

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**ROEHAMPTON HOSPITAL LIMITED**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROEHAMPTON HOSPITAL LIMITED  
(CONTINUED)**

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**Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. 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.

**Other Companies Act 2006 reporting**

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of Directors**

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

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

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**ROEHAMPTON HOSPITAL LIMITED**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROEHAMPTON HOSPITAL LIMITED  
(CONTINUED)**

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

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

**Extent to which the audit was 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:

Based on our understanding and accumulated knowledge of the Company and the sector in which it operated we considered the risks of acts by the Company which were contrary to applicable laws and regulations, including fraud, and whether such actions or non-compliance might have a material effect on the financial statements. These included but are not limited to those that relate to the form and content of the financial statements, such as Company accounting policies, UK GAAP, the Companies Act 2006, relevant tax legislation and Health and Safety.

We determined that the principal risks were related to posting inappropriate journal entries, management bias in accounting estimates and revenue cut off. Our audit procedures included, but were not limited to:

- Agreement of the financial statement disclosures to underlying supporting documentation
- Challenging assumptions and judgements made by management in their significant accounting estimates;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations or including specific keywords;
- Testing a sample of revenue transactions within a specified cut off window pre and post year end to determine if they have been recorded in the correct period;
- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Review of minutes of Board meetings throughout the period; and
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

Our audit procedures were designed to respond to risks of material misstatement 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 deliberate concealment by, for example, forgery, misrepresentations or through collusion. 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 are to become aware of it.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's report.

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**ROEHAMPTON HOSPITAL LIMITED**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROEHAMPTON HOSPITAL LIMITED  
(CONTINUED)**

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**Use of our report**

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

DocuSigned by:



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Sakib Isa (Senior statutory auditor)  
for and on behalf of  
**BDO LLP, Statutory Auditor**  
Manchester  
M3 3AT  
Date: 13 May 2022

## ROEHAMPTON HOSPITAL LIMITED

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Note	2021 £000	2020 (restated) £000
Turnover	3	12,561	11,809
Cost of sales		(8,925)	(8,127)
<b>Gross profit</b>		<b>3,636</b>	<b>3,682</b>
Administrative expenses		(1,088)	(602)
<b>Operating profit</b>	4	<b>2,548</b>	<b>3,080</b>
Interest receivable and similar income	6	3,033	3,241
Interest payable and similar expenses	7	(4,087)	(4,240)
<b>Profit before tax</b>		<b>1,494</b>	<b>2,081</b>
Tax on profit	8	(294)	(467)
<b>Profit for the financial year</b>		<b>1,200</b>	<b>1,614</b>
<b>Other comprehensive income/(expense) for the year</b>			
Effective portion of changes in fair value of cash flow hedge		(143)	1,538
Net change in fair value of cash flow hedge recycled to profit and loss		3,072	2,814
Taxation in respect of items of other comprehensive income		1,033	(145)
<b>Other comprehensive income for the year</b>		<b>3,962</b>	<b>4,207</b>
<b>Total comprehensive income for the year</b>		<b>5,162</b>	<b>5,821</b>

The notes on pages 15 to 34 form part of these financial statements.


All amounts relate to continuing operations.

**ROEHAMPTON HOSPITAL LIMITED**  
**REGISTERED NUMBER: 04057595**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2021**

	Note	2021 £000	2020 £000
<b>Non-current assets</b>			
Debtors: amounts falling due after one year	10	67,702	69,563
		<u>67,702</u>	<u>69,563</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	10	8,005	7,664
Cash at bank		11,962	12,165
		<u>19,967</u>	<u>19,829</u>
Creditors: amounts falling due within one year	11	(13,082)	(13,875)
<b>Net current assets</b>		<u>6,885</u>	<u>5,954</u>
<b>Total assets less current liabilities</b>		<u>74,587</u>	<u>75,517</u>
Creditors: amounts falling due after more than one year	12	(78,262)	(83,165)
<b>Provisions for liabilities</b>			
Other provisions	16	(4,281)	(5,470)
		<u>(4,281)</u>	<u>(5,470)</u>
<b>Net liabilities</b>		<u>(7,956)</u>	<u>(13,118)</u>
<b>Capital and reserves</b>			
Called up share capital	17	50	50
Cash flow hedge reserve	18	(19,868)	(23,830)
Profit and loss account	18	11,862	10,662
		<u>(7,956)</u>	<u>(13,118)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

DocuSigned by:  
  
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**H Holman**  
Director

Date: 13-May-2022 | 2:21 PM BST

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**ROEHAMPTON HOSPITAL LIMITED**


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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**


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	<b>Called up share capital</b>	<b>Cash flow hedge reserve</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
At 1 October 2020	50	(23,830)	10,662	(13,118)
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	1,200	1,200
Taxation in respect of items of other comprehensive income	-	1,033	-	1,033
Hedge effective portion of change in fair value of designated hedging	-	(143)	-	(143)
Net change in fair value of cashflow hedge recycled to profit and loss	-	3,072	-	3,072
<b>Other comprehensive income for the year</b>	-	3,962	-	3,962
<b>Total comprehensive income for the year</b>	-	3,962	1,200	5,162
<b>Total transactions with owners</b>	-	-	-	-
<b>At 30 September 2021</b>	<b>50</b>	<b>(19,868)</b>	<b>11,862</b>	<b>(7,956)</b>

The notes on pages 15 to 34 form part of these financial statements.



## ROEHAMPTON HOSPITAL LIMITED

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Called up share capital	Cash flow hedge reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 October 2019	50	(28,037)	10,381	(17,606)
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	1,614	1,614
Taxation in respect of items of other comprehensive income	-	(145)	-	(145)
Hedge effective portion of change in fair value of designated hedging	-	1,538	-	1,538
Net change in fair value of cashflow hedge recycled to profit and loss	-	2,814	-	2,814
<b>Other comprehensive income for the year</b>	-	4,207	-	4,207
<b>Total comprehensive income for the year</b>	-	4,207	1,614	5,821
Dividends: Equity capital	-	-	(1,333)	(1,333)
<b>Total transactions with owners</b>	-	-	(1,333)	(1,333)
<b>At 30 September 2020</b>	<b>50</b>	<b>(23,830)</b>	<b>10,662</b>	<b>(13,118)</b>

The notes on pages 15 to 34 form part of these financial statements.

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**ROEHAMPTON HOSPITAL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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**1. Accounting policies**

**1.1 Basis of preparation of financial statements**

Roehampton Hospital Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK. The Company was incorporated on 17th August 2000.

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

The Company's ultimate parent undertaking, Roehampton Hospital Holdings Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Roehampton Hospital Holdings Limited are prepared in accordance with FRS102 and are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ. In these financial statements the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemption available under FRS 102 in respect of the following disclosures:

- reconciliation of the number of shares outstanding from the beginning to end of the period;
- key management personnel compensation

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

The following principal accounting policies have been applied:

**Financial reporting standard 102 - reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS102 "The Financial Reporting Standard applicable in the the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A.

This information is included in the consolidated financial statements of Roehampton Hospital Holdings Limited as at 30 September 2021 and these financial statements may be obtained from Companies House.

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**ROEHAMPTON HOSPITAL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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**1. Accounting policies (continued)**

**1.2 Going concern**

The financial statements are prepared on the going concern basis for reasons stated in the Directors' Report.

The Company currently has net liabilities of £7,956,000 (2020: £13,118,000) as a result of accounting for the fair value of interest rate and RPI swap agreements, the majority of which do not crystallise as liabilities for a number of years. As such, the Company's forecasts and projections, taking account of the impact of swaps and reasonably possible changes in trading performance, show that it should be able to operate within the level of its current facilities and continue to meet forecast loan covenants.

During the year the Company has undertaken a review, in collaboration with the sole customer, of the historic billing position. Whilst the review remains ongoing at the date of signing of the financial statements, significant progress has been made, and after careful review and consideration of all matters in relation to the exercise, the directors remain confident that the outcome of the review will not negatively affect the Company's forecasted cash flows. Additionally, the directors have ensured that the Company maintains a reasonable cash balance to allow the Company to settle short term liabilities that may arise from time to time as a result of this review. For these reasons, the directors have prepared the financial statements on a going concern basis.

In the annual review of the Company's going concern, the Directors have considered the long term impact of the Covid-19 pandemic. Recent Government Procurement Policy Note sets out information and guidance for public bodies on payment of their suppliers to ensure service continuity during and after the current coronavirus, Covid-19, outbreak confirming that the suppliers will continue to be paid as normal. The Company has entered into long-term contracts with its single customer and suppliers, and after careful review of these contracts the Directors are confident that the Company can operate as normal for the next twelve months. The Directors have committed to carrying out regular reviews of the Company's cash flows to monitor the ongoing situation.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

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**ROEHAMPTON HOSPITAL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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**1. Accounting policies (continued)**

**1.3 Finance debtor**

The Company is an operator of a Private Finance Initiative (PFI) contract, which was entered into prior to the transition to FRS102. Therefore the accounting has been continued using the accounting policies applied prior to the date of transition to FRS102 as follows. The underlying asset was not deemed to be an asset of the Company under FRS5, Application Note G, because the risks and rewards of ownership as set out in that Standard are deemed to lie principally with the Trust.

During the construction phase of the project, all attributable expenditure was included in amounts recoverable on contracts and turnover. Upon becoming operational, the costs were transferred to the finance debtor. Amounts receivable under the agreement relating to the hospital facilities transferred are included under debtors and represent the total amount outstanding under the agreement less unearned interest. Finance lease income is allocated to accounting periods so as to give a constant rate of return on the net cash investment in the lease.

In the operational phase, the balance of unitary payments received, after accounting for the finance debtor interest and amortisation components (which together sum to a constant figure in each period, as in a lease) is accounted for as turnover. This figure is adjusted in each period to ensure that income recognised more accurately reflects the value of economic benefits provided to the public sector client in each period, and is necessary due to the inflationary nature of the unitary payments. As a consequence of this adjustment to turnover, which is generally positive in the first half of the concession and negative in the second half (and must net out over the whole concession), a unitary payment control account debtor is recorded on the balance sheet.

**1.4 Revenue**

The assets of the Company fall under Service Concession Arrangements by virtue of the fact that the public sector customer ("Grantor") passes both elements of the asset control test:

- i) The Grantor controls the use of the asset via the project agreement and all service level requirements contained therein;
- ii) The Grantor controls the entitlement to residual asset proceeds via an entitlement to purchase the asset prior to an offer to the open market which can be exercised at the Grantor's discretion.

Under section 34 of FRS102, such assets should be capitalised into a financial asset attributed to the provision of services.

Pursuant to section 23 of FRS102, revenue associated with the financial asset comprises service income related to facilities management, lifecycle maintenance and other administrative running costs of the Company.

Pass through income represents gross revenue in relation to the direct pass through of recoverable costs, as specified in the Project Agreement.

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**ROEHAMPTON HOSPITAL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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**1. Accounting policies (continued)**

**1.5 Current and deferred taxation**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

**1.6 Debtors**

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**1.7 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**1.8 Creditors**

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**1.9 Finance costs**

Finance costs are measured initially at fair value and are measured subsequently at amortised cost using the effective interest method.

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ROEHAMPTON HOSPITAL LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021

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**1. Accounting policies (continued)**

**1.10 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

**1.11 Amortisation of issue costs**

Issue costs are deducted against debt and amortised over the life of the instrument. This amortisation is charged to the Statement of Comprehensive Income.

**1.12 Lifecycle costs**

Provisions are made in respect of life cycle maintenance to the extent that the group is obliged to undertake maintenance in future periods. The result is to spread the total anticipated contractual cost over the course of the concession; this accounting policy, applied prior to the date of FRS102 transition has been continued in accordance with the grandfathering of the wider service concession accounting as noted in section 1.3.

**1.13 Interest receivable and Interest payable**

*Interest receivable and Interest payable*

Interest payable and similar charges include interest payable on borrowings and associated ongoing financing fees.

Other interest receivable and similar income include interest receivable on funds invested and interest recognised on the finance debtor based upon the finance debtor accounting policy above.

Interest payable is recognised in profit or loss as it accrues, using the effective interest method. Other interest receivable and similar income is recognised in profit or loss as it accrues.

**1.14 Impairment excluding deferred tax assets**

*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.

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ROEHAMPTON HOSPITAL LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021

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1. Accounting policies (continued)

1.15 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.

*Interest-bearing borrowings classified as basic financial instruments*

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

*Cash and cash equivalents*

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in in more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

*Dividends*

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised then paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

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**ROEHAMPTON HOSPITAL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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**1. Accounting policies (continued)**

**1.16 Financial instruments**

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

(b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.



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**ROEHAMPTON HOSPITAL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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**1. Accounting policies (continued)**

**1.16 Financial instruments (continued)**

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives, including interest rate swaps, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate, except for hedging instruments in a designated hedging relationship that qualify for hedge accounting, where the resulting gain or loss is recognised as described in section 1.11 below.

**1.17 Hedge accounting**

The Company has entered into variable to fixed rate interest swaps to manage its exposure to interest rate cash flow risk on its variable rate debt. These derivatives are measured at fair value at each balance sheet date. To the extent the hedge is effective, movements in fair value are recognised in other comprehensive income and presented in a separate cash flow hedge reserve. Any ineffective portions of those movements are recognised in profit or loss for the period.

**1.18 Prior period restatement**

A change in accounting policy or material prior period adjustment requires a prior year restatement. A restatement for the 2020 numbers has been included to incorporate the gross up of pass through revenue and cost which had previously been incorrectly presented net. Further details can be found in note 21.

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**ROEHAMPTON HOSPITAL LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**


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**2. Judgments in applying accounting policies and key sources of estimation uncertainty**

The estimates and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial period are as follows:

**Key sources of estimation uncertainty**

**Financial Asset Interest Rate** - The financial asset interest income is based on the weighted average cost of capital of the project and is applied to the carrying value of the Financial Asset on a quarterly basis. The interest rate used is 6.30% (2020: 6.30%) per annum.

**Construction Margin** – revenue on construction is recognised at cost plus 0.5% (2020: 0.5%) as profitability is considered to be low with no interim services provided during construction.

**Operating Margin** – revenue on facilities management and other operating costs is recognised at cost plus 29.89% (2020: 33.76%) as considered comparable across the market and in line with the reliability at which operating costs can be estimated across the concession.

**Fair value of interest rate swaps** - The fair value of interest rate swaps is determined by reference to mark-to-market valuations.

**Fair value of RPI swap** - The fair value of the RPI swap is determined by reference to mark-to-market valuations. A deferred tax asset is recognised on this fair value at 25% (2020 - 19%).

There are no other key sources of estimation uncertainty.

**3. Turnover**

The whole of turnover is attributable to the principal activity of the Company.  
An analysis of turnover by class of business is as follows:

	<b>2021</b>	<i>2020</i> <i>(restated)</i>
	<b>£000</b>	<b>£000</b>
Operation revenue	<b>11,202</b>	<b>11,059</b>
Pass through revenue	<b>1,359</b>	<b>750</b>
	<b>12,561</b>	<b>11,809</b>

All turnover arose within the United Kingdom.

Further details of the prior year restatement can be found within note 21.

**4. Operating profit**

The operating profit is stated after charging auditor's remuneration of £17,300 (2020: £13,850) in respect of audit services.

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**ROEHAMPTON HOSPITAL LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**


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**5. Directors' remuneration**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Directors' emoluments	<b>169</b>	<b>138</b>
	<b>169</b>	<b>138</b>

None of the directors received emoluments directly from the Company (2020: £Nil). A payment is made for the services of the non-executive directors to their employer.

No staff are directly employed by the Company (2020: none).

**6. Interest receivable**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Finance debtor interest receivable	<b>2,973</b>	<b>3,122</b>
Amortisation of issue costs	<b>60</b>	<b>62</b>
Bank interest receivable	<b>-</b>	<b>57</b>
	<b>3,033</b>	<b>3,241</b>

**7. Interest payable and similar expenses**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Bank interest payable	<b>3,598</b>	<b>3,731</b>
Interest on mezzanine bank loan	<b>107</b>	<b>131</b>
Interest on loans from shareholders	<b>382</b>	<b>378</b>
	<b>4,087</b>	<b>4,240</b>

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**ROEHAMPTON HOSPITAL LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**


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**8. Taxation**

The total tax charged to profit and loss is as follows:

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
<b>Corporation tax</b>		
Current tax on profits for the year	<b>294</b>	<b>467</b>
<b>Total current tax</b>	<b>294</b>	<b>467</b>

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2020 - *higher than*) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Profit on ordinary activities before tax	<b>1,494</b>	<b>2,081</b>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	<b>284</b>	<b>422</b>
<b>Effects of:</b>		
Adjustments to tax charge in respect of prior periods	<b>(11)</b>	<b>19</b>
Expenses not deductible for tax purposes	<b>84</b>	<b>-</b>
Deferred tax	<b>(63)</b>	<b>26</b>
<b>Total tax charge for the year</b>	<b>294</b>	<b>467</b>

**Factors that may affect future tax charges**

The UK corporation tax rate reduction from 19% to 17%, effective 1 April 2020, was enacted in September 2016, however as a result of the March 2020 Budget, was delayed indefinitely. Following the March 2021 Budget, plans were announced to increase the UK corporation tax rate to 25% effective 1 April 2023. The deferred tax asset at 31 December 2020 has been calculated using a rate of 19%.

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**ROEHAMPTON HOSPITAL LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**


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**9. Dividends**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Interim dividends paid	-	1,333
	<u>-</u>	<u>1,333</u>
	<u><u>-</u></u>	<u><u>1,333</u></u>

Dividends per share in the year were £0.00 (2020 - £26.66).

**10. Debtors**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
<b>Due after more than one year</b>		
Finance debtor	61,105	64,001
Deferred tax asset	6,597	5,563
	<u>67,702</u>	<u>69,564</u>
	<u><u>67,702</u></u>	<u><u>69,564</u></u>

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
<b>Due within one year</b>		
Trade debtors	5,067	5,341
Other debtors	342	24
Corporation tax repayable	105	-
Prepayments and accrued income	68	20
Finance debtor	2,423	2,279
	<u>8,005</u>	<u>7,664</u>
	<u><u>8,005</u></u>	<u><u>7,664</u></u>

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**ROEHAMPTON HOSPITAL LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**


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**11. Creditors: Amounts falling due within one year**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Bank overdrafts	-	799
Bank loans	2,165	2,319
Subordinated loans	149	136
Arrangement fees	57	58
Trade creditors	2,907	1,767
Corporation tax	-	66
Other taxation and social security	367	605
Cash flow hedge - RPI swap	393	489
Accruals and deferred income	4,614	4,904
Cash flow hedge - Interest rate swap	2,430	2,732
	<b>13,082</b>	<b>13,875</b>

Terms of the bank and subordinated loans can be found in note 12.

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**ROEHAMPTON HOSPITAL LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**


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**12. Creditors: Amounts falling due after more than one year**

	<b>2021</b>	<i>2020</i>
	<b>£000</b>	<i>£000</i>
Bank loans	<b>48,622</b>	<i>50,788</i>
Subordinated loans	<b>2,348</b>	<i>2,497</i>
Arrangement fees	<b>349</b>	<i>407</i>
Amounts owed to group undertakings	<b>3,275</b>	<i>3,275</i>
Cash flow hedge - RPI swap	<b>11,841</b>	<i>9,010</i>
Cash flow hedge - Interest rate swap	<b>11,827</b>	<i>17,188</i>
	<b>78,262</b>	<i>83,165</i>

The Company has a 30 year term loan which is repayable in 54 semi-annual installments commencing on 31 March 2006. The interest rate payable is LIBOR plus 0.9% in the operational phase. The Company has entered into a swap transaction resulting in interest being charged on this loan at a rate of 5.375%. The loan is secured by a fixed and floating charge over the assets of the Company. The base facility matures on 30th September 2032.

The mezzanine facility carries an interest rate of LIBOR plus 4% and is repayable in 53 semi-annual installments commencing on 31 March 2006. The base facility matures on 31st March 2032.

The parent company shareholders subscribed to Loan Notes issued by the parent company, which subsequently loaned this amount to the Company. The interest rate chargeable on the loan notes is 10.5% per annum to 31 March 2018 and 11.5% thereafter. Interest is paid twice yearly. This loan requires repayment by 31 March 2033.

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**ROEHAMPTON HOSPITAL LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**


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**13. Loans**

Analysis of the maturity of loans is given below:

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
<b>Amounts falling due within one year</b>		
Bank loans	2,165	2,319
Subordinated loans	149	136
Arrangement fees	57	60
	<u>2,371</u>	<u>2,515</u>
<b>Amounts falling due 1-2 years</b>		
Bank loans	2,087	2,165
Subordinated loans	163	149
Arrangement fees	55	57
	<u>2,305</u>	<u>2,371</u>
<b>Amounts falling due 2-5 years</b>		
Bank loans	10,942	8,583
Subordinated loans	588	537
Arrangement fees	147	157
	<u>11,677</u>	<u>9,277</u>
<b>Amounts falling due after more than 5 years</b>		
Bank loans	35,594	40,040
Subordinated loans	1,597	1,811
Amounts owed to group undertakings	3,275	3,275
Arrangement fees	147	192
	<u>40,613</u>	<u>45,318</u>
	<u><u>56,966</u></u>	<u><u>59,481</u></u>



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**ROEHAMPTON HOSPITAL LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**


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**14. Financial instruments**

<b>2021</b>	<b>2020</b>
<b>£000</b>	<b>£000</b>

**Financial liabilities**

Derivative financial instruments designated as hedges of variable interest rate risk	<b>(26,491)</b>	<b>(29,419)</b>
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Derivative financial instruments designated as hedges of variable interest rate risk comprise an interest rate swap and an RPI swap respectively. The fair value of the interest rate and RPI swaps has been determined by reference to prices available from the markets on which the instruments involved are traded.

The main risks arising from the Company's financial instruments are interest rate risk, inflation risk and liquidity risk.

*Interest rate risk*

The term loan and mezzanine loan are exposed to interest rate risk, however the Company has entered into a fixed interest rate swap to minimise risk from movements in base interest rates on its floating rate term loan. The unsecured loan stock is not exposed to interest rate risk.

*Inflation rate risk*

The unitary charge income is subject to indexation risk which is mitigated through a RPI swap in place to minimise risk from movements in inflation.

*Liquidity risk*

The Company has entered into a fixed price index swap to achieve a correlation between the impact of inflationary increases on operating margin and finance charges in order to minimise cash flow variance.

## ROEHAMPTON HOSPITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021

## 14. Financial instruments (continued)

2021

	Carrying amount £000	Total Expected Cash Flows £000	1 year or less £000	1 to 2 years £000	2 to 5 years £000	5 years and over £000
<b>Swap liabilities</b>						
Interest rate swap	14,248	16,171	2,498	2,219	5,638	5,816
RPI swap	12,234	10,826	386	459	2,208	7,773
	<u>26,482</u>	<u>26,997</u>	<u>2,884</u>	<u>2,678</u>	<u>7,846</u>	<u>13,589</u>

2020

	Carrying amount £000	Total expected cash flows £000	1 year or less £000	1 to 2 years £000	2 to 5 years £000	5 years and over £000
<b>Swap liabilities</b>						
Interest rate swap	19,920	20,119	2,738	2,604	6,866	7,911
RPI swap	9,499	12,465	506	529	2,088	9,342
	<u>29,419</u>	<u>32,584</u>	<u>3,244</u>	<u>3,133</u>	<u>8,954</u>	<u>17,253</u>

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**ROEHAMPTON HOSPITAL LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**


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**15. Deferred taxation**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
At beginning of year	<b>5,564</b>	5,734
Charged to profit or loss	-	(26)
Charged to other comprehensive income	<b>1,033</b>	(145)
<b>At end of year</b>	<b>6,597</b>	<b>5,563</b>

A deferred tax asset has been recognised to the extent that the directors consider that it is more likely than not that sufficient taxable profits will be available in the future against which the deferred tax asset can be recovered.

This asset will unwind in line with the periodic swap payments made.

The provision for deferred taxation is made up as follows:

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Other timing differences	(26)	(26)
Deferred tax on derivative financial instruments	<b>6,623</b>	5,589
	<b>6,597</b>	<b>5,563</b>

**16. Provisions**

	<b>Lifecycle provision £000</b>
At 1 October 2020	<b>5,469</b>
Charged to profit or loss	<b>1,158</b>
Utilised in year	<b>(2,346)</b>
<b>At 30 September 2021</b>	<b>4,281</b>

Provisions are made in respect of life cycle maintenance to the extent that the Company is obliged to undertake maintenance in future periods.

This provision will unwind over the life of the concession as lifecycle payments fall due.

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**ROEHAMPTON HOSPITAL LIMITED**


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**17. Share capital**

	2021 £000	2020 £000
<b>Allotted, called up and fully paid</b>		
50,000 (2020: 50,000) Ordinary shares of £1.00 each	50	50

**18. Reserves****Cash flow hedge reserve**

The cash flow hedge reserve includes all current and prior period change in fair value of designated hedging and the associated tax movement.

**19. Related party transactions**

	2021 Expenditure £000	2021 Creditor £000	2020 Expenditure £000	2020 Creditor £000
Aberdeen Infrastructure Finance GP Ltd	150	(832)	-	-
Sodexo Limited	6,808	(1,853)	7,937	(1,673)
Equitix Healthcare Limited	542	(2,129)	104	(2,129)
	<u>7,500</u>	<u>(4,814)</u>	<u>8,041</u>	<u>(3,802)</u>

Aberdeen Infrastructure Finance GP Ltd is a related party as a 25% shareholder of Roehampton Hospital Holdings Limited.

Sodexo Limited is a related party as a sister company of Sodexo Investment Services Limited, 10% shareholders of Roehampton Hospital Holdings Limited. Expenditure relates to services and financing.

Equitix Healthcare Limited is a related party as a 65% shareholder of Roehampton Hospital Holdings Limited.

**20. Controlling party**

The Company is a subsidiary undertaking of Roehampton Hospital Holdings Limited. The ultimate controlling party is Roehampton Hospital Holdings Limited.

The largest group in which the results of the Company are consolidated is that headed by Roehampton Hospital Holdings Limited, registered at 3rd Floor (South Building), 200 Aldersgate Street, London, EC1A 4HD. No other group financial statements include the results of the Company. The consolidated financial statements of the group are available to the public and may be obtained from 3rd Floor (South Building), 200 Aldersgate Street, London, EC1A 4HD.

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**ROEHAMPTON HOSPITAL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**21. Prior year adjustment**

The financial statements of the comparative year have been restated to incorporate the gross up of pass through revenue and cost which had previously been incorrectly presented net. This has resulted in an increase in turnover by £680,610 and cost of sales by the same amount. The change has not resulted in any impact on the results for the prior year.