

Registered No 04464225

Ramsay Diagnostics UK Limited
Report and Financial Statements

30 June 2019

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COMPANIES HOUSE

Ramsay Diagnostics UK Limited

Registered No 04464225

Directors

A Jones

P Allen

Secretary

M Erfan

Auditors

Ernst & Young LLP

400 Capability Green

Luton

LU1 3LU

Registered Office

Level 18, Tower 42

25 Old Broad Street

London

EC2N 1HQ

Ramsay Diagnostics UK Limited

Registered No 04464225

Strategic Report

Results and Dividends

The profit for the year, after taxation, amounted to £725,000 (2018: £1,156,000). During the year a dividend of £3,000,000 was paid (2018: £Nil).

Principal Activities and Review of the Business

The Company's principal activity was the provision of diagnostic imaging services. The Company's key financial indicators during the year were as follows:

	<i>Year ended 30 June 2019</i>	<i>Year ended 30 June 2018</i>
Revenue	£6.8m	£6.7m
Operating profit	£0.7m	£1.4m
Profit for the year and total comprehensive income attributable to equity shareholders	£0.7m	£1.2m
Net cash inflows from operating activities	£1.8m	£2.3m
Total equity	£2.0m	£4.3m
Average number of employees	44	42

Operating performance was in line with management's expectations, with revenues slightly higher than last year reflecting slightly greater utilisation of capacity. This is as a result of an increased number of scanning days. There has been an increase in staff costs and running costs for the mobile vehicle fleet with the addition of two mobile scanners, resulting in operating profits reducing to £0.7m from £1.4m last year.

Principal Risks and Uncertainties

The Executive Committee Board of the UK business evaluates risk on a regular basis. The Group Risk Management Committee oversees the Company's risk management process. Its terms of reference are to review and report on issues concerning Health & Safety, Clinical Effectiveness and Corporate Governance, including legal exposure and reputation risks to the UK business. The members of this Group include the CEO and senior managers from clinical, operational, financial, facilities and legal areas of the business. The committee meets at least twice a year.

The principal risks and uncertainties facing the business are described below:

Financial Risks

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with financial liabilities as they fall due. The Company aims to mitigate this risk by the use of inter-company loans and credit facilities. The Company also mitigates liquidity risk by targeting working capital management, with particular focus on cash collection and improvement in the aged debt profile.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause financial loss for the other party by failing to discharge an obligation. The majority of debt outstanding is owed from the fellow group companies. The remaining third party debt is reviewed and actively managed on an ongoing basis.

Registered No 04464225

Strategic Report (continued)

Principal Risks and Uncertainties (continued)

Operational Risks

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

- A clear organisational structure and committee structure with appropriate delegation of responsibility to operational management;
- A risk register which identifies significant risk and underpins effective risk management;
- Clearly defined authority limits for both financial and non-financial commitments;
- Written operating procedures covering key areas of the business together with a structured system of financial reporting and review including annual budget setting, updated forecasts and a review of actual results against budget and forecast; and
- A comprehensive framework for tracking and benchmarking clinical performance.

Market/Competition Risk

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

Modern Slavery Act Statement

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

COVID-19 Risks

Management is closely monitoring the developing Corona virus situation. At this time, no Ramsay staff or patients are believed to have been infected. Similarly, no significant supply-chain issues have been identified. The impact on the company as assessed by management is outlined in the Subsequent events section of the Directors' Report. As a result, management believes there is currently no material risk to the UK business.

Brexit

Management has closely reviewed the likely impact of Brexit, especially its impact on recruitment and on the supply-chain which are considered key. Strategies are in place to mitigate the potential effects on both of these areas. Management will continue to review the impact of Brexit on Ramsay as trade agreement negotiations progress.

Registered No 04464225

Strategic Report (continued)

Anti-Bribery & Corruption

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

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

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

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

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

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

Approved by the Board and signed on its behalf by:



P Allen
Director
21 August 2020

Registered No 04464225

Directors' Report

The Directors present their report and Financial Statements for the year ended 30 June 2019.

Dividends

During the year a dividend of £3,000,000 was paid (2018: £Nil).

Going Concern

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

The Company has an excess of current liabilities over current assets of £3.2m at 30 June 2019, (2018: excess of current liabilities over current assets of £0.1m) and is cash generative. The Directors have carried out a detailed review of revised cash flow forecasts as a result of the COVID-19 pandemic covering 12 months from the approval of these financial statements. The latest projections show the company generating positive cash flows through the 12-month period from the date of this report. The Company also has the continued support of its ultimate parent company Ramsay Healthcare Limited. The ultimate parent company has confirmed that it will continue to support the Company. The Directors have also assessed the ability of Ramsay Health Care Limited to support the Company, and in light of the A\$1.2bn institutional capital raise along with a subsequent A\$0.3bn retail capital raise, headroom available in most recent cash flow forecasts and further funding available under the group's syndicated debt facility, the Directors have concluded that parent company has the ability to support.

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.

Future developments

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

Directors

The Directors in office at the end of the year, and who served throughout the year are:

A Jones
P Allen (appointed 11 July 2019)
H Mehta (resigned 11 July 2019)

Directors' Statement as to Disclosure of Information to Auditors

The Directors who were members of the board at the time of approving the Directors' report are listed above. Having made enquiries of fellow Directors and of the Company's auditors, each of these Directors confirms that: -

- to the best of each Director's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditors are unaware; and
- each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

Registered No 04464225

Directors' Report

Subsequent Events

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

- 200 staff, who volunteered to work in nearby NHS intensive care units and palliative care wards, including the Nightingale Hospital at ExCeL London;
- 50 ventilators, which were provided to neighbouring trusts free of charge; and
- Over 7,000 urgent cancer procedures on behalf of the NHS.

Under the contract, Ramsay receives operating cost recovery for the costs incurred in providing this support, plus an amount relating to infrastructure cost equal to 8.6% of the qualifying costs that are reimbursed. Payments to Ramsay will be made weekly in advance under the contract ensuring that positive cash flow is maintained throughout the period of the contract. The contract had an initial minimum term up to 28 June 2020, and now continues on a rolling basis until the NHS serve notice. These events have no impact on the results for the period to 30 June 2019 or the balance sheet at that date as the events are non-adjusting post balance sheet events. The valuation of assets held on the Balance Sheet as at 30 June 2019 have been reviewed in line with the revised forecasts, and there is no significant impact on the valuation of assets or liabilities that requires disclosure in these financial statements.

As key workers, Ramsay's hospital employees were able to travel to work during the peak of the pandemic and to send their children to school. Head office and support staff were encouraged to work from home. A small proportion of staff were consulted with and opted to be furloughed under the Covid Job Retention Scheme. Although shortages of PPE were widely reported in the national press, Ramsay was able to source adequate supplies for its needs by leveraging its global supply chain.

The current NHS Covid support contract may reduce profitability in the early part of the year to 30 June 2021 whilst the agreement continues. However, the cash positive nature of the arrangement as outlined above reinforces the Directors use of the going concern assumption in preparation of the financial statements. Discussions for a revised contract for the next phase of support with the NHS are underway, and Ramsay is committed to being supportive of the NHS as the health care system recovers from the pandemic. Treatments for privately insured and self-pay patients are expected to recommence in the near future.

Registered No 04464225

Directors' Report (continued)

Auditors

An elective resolution to dispense with the annual appointment of auditors pursuant to S485 Companies Act 2006 is in force. Accordingly the Company's auditors, Ernst & Young LLP shall be deemed to be appointed until further notice.

By order of the Board

A handwritten signature in black ink, appearing to be 'P Allen', with a stylized flourish at the end.

P Allen
Director
21 August 2020

Statement of Directors' Responsibilities in Respect of the Financial Statements

The Directors are responsible for preparing the Strategic Report, Directors' Report and the Financial Statements in accordance with applicable United Kingdom law and those International Financial Reporting Standards (IFRS) as adopted by the European Union.

The Directors are required to prepare Financial Statements for each financial year which present fairly the financial position of the Company and the financial performance and cash flows of the Company for that period. In preparing those Financial Statements, the Directors are required to:

- select suitable accounting policies in accordance with IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and performance;
- state that the Company has complied with IFRS, subject to any material departures disclosed and explained in the Financial Statements;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on a going concern basis, unless it is not appropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RAMSAY DIAGNOSTICS UK LIMITED

Opinion

We have audited the financial statements of Ramsay Diagnostics UK Limited for the year ended 30 June 2019 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 17, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 30 June 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

Emphasis of matter – effects of COVID-19 pandemic

We draw attention to Note 2 and 17 of the Financial Statements, which describes the economic and social consequences the company is facing as a result of COVID-19 which is impacting the operations of the company. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RAMSAY DIAGNOSTICS UK LIMITED (CONTINUED)

Other information (continued)

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

Matters on which we are required to report by exception

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

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 7, 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RAMSAY DIAGNOSTICS UK LIMITED
(CONTINUED)**

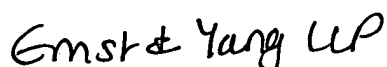
Auditor's responsibilities for the audit of the financial statements

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.

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

Use of our report

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



Mandip Dosanjh (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Luton
Date: 21 August 2020

Statement of Comprehensive Income

for the year ended 30 June 2019

		<i>Year ended 30 June 2019 £'000</i>	<i>Year ended 30 June 2018 £'000</i>
	<i>Notes</i>		
Revenue	5	6,795	6,695
Cost of sales		(2,073)	(1,906)
Gross Profit		4,722	4,789
Administrative expenses		(4,072)	(3,400)
Operating Profit	6	650	1,389
Profit Before Tax		650	1,389
Income tax credit/(charge)	8	75	(233)
Profit for the year and total comprehensive income for the year		725	1,156

The notes on pages 15 to 40 form part of these financial statements.

Statement of Financial Position

at 30 June 2019

	Notes	2019 £'000	2018 £'000
Non-Current Assets			
Property, plant and equipment	9	5,240	4,576
Deferred tax asset		79	-
		<u>5,319</u>	<u>4,576</u>
Current Assets			
Inventories	10	17	13
Trade and other receivables	11	11,651	11,805
Cash and short term deposits		158	162
		<u>11,826</u>	<u>11,980</u>
Total Assets		<u>17,145</u>	<u>16,556</u>
Current Liabilities			
Trade and other payables	12	15,075	12,114
		<u>15,075</u>	<u>12,114</u>
Non-Current Liabilities			
Deferred tax liability	8	-	97
		<u>-</u>	<u>97</u>
Total Liabilities		<u>15,075</u>	<u>12,211</u>
Net Assets		<u>2,070</u>	<u>4,345</u>
Equity attributable to equity holders of the parent			
Issued capital	13	-	-
Retained earnings		2,070	4,345
Total Equity		<u>2,070</u>	<u>4,345</u>

Approved by the Board and signed on its behalf by:



P Allen
Director
21 August 2020

The notes on pages 15 to 40 form part of these financial statements.

Statement of Changes in Equity

for the year ended 30 June 2019

	<i>Issued Capital £'000</i>	<i>Retained earnings £'000</i>	<i>Total equity attributable to equity holders of the parent £'000</i>
At 1 July 2017	-	3,189	3,189
Total comprehensive income for the year	-	1,156	1,156
At 30 June 2018	-	4,345	4,345
Total comprehensive income for the year	-	725	725
Equity dividends paid	-	(3,000)	(3,000)
At 30 June 2019	-	2,070	2,070

Issued capital

The balance of issued capital represents the aggregate nominal value of all ordinary shares in issue. Further details can be found in note 13.

Retained earnings

The balance held on this reserve is the accumulated retained profits of the Company.

Statement of Cash Flows

for the year ended 30 June 2019

		Year ended 30 June 2019 £'000	Year ended 30 June 2018 £'000
	Notes		
Operating Activities			
Profit before tax		650	1,389
Non-cash:			
▪ Depreciation	6	1,388	1,117
▪ Profit on the sale of fixed assets		(25)	-
Working Capital Adjustments:			
▪ Decrease / (increase) in trade and other receivables		17	(36)
▪ (Increase) / decrease in inventories		(4)	11
▪ (Decrease) / increase in trade and other payables		(140)	33
Cash surplus from operations		1,886	2,514
Income tax paid	8	(101)	(215)
Net Cash inflows from Operating Activities		1,785	2,299
Investing Activities			
Purchase of property, plant and equipment	9	(2,053)	(1,205)
Proceeds from the sale of fixed assets		25	-
Net Cash Outflows from Investing Activities		(2,028)	(1,205)
Financing Activities			
Decrease in net payables to group undertakings		3,239	(1,082)
Dividend paid		(3,000)	-
Net Cash (Outflows)/Inflows from Financing Activities		239	(1,082)
Net movement in cash and cash equivalents		(4)	12
Cash and cash equivalents at the beginning of the year		162	150
Cash and cash equivalents at the end of the year		158	162

Notes to the Financial Statements

at 30 June 2019

1. Corporate Information

The Financial Statements of Ramsay Diagnostics UK Limited ("the Company") for the year ended 30 June 2019 were authorised for issue by the Board of Directors on 21 August 2020. Ramsay Diagnostics UK Limited is a limited company incorporated in the United Kingdom under the Companies Act 2006 (registration number 04464225). The Company is domiciled in the United Kingdom and its registered address is Level 18, Tower 42, 25 Old Broad Street, London, EC2N 1HQ. The Company is ultimately controlled by Ramsay Health Care Limited, which is registered in Australia. Copies of the Financial Statements for Ramsay Health Care Limited for the year ended 30 June 2019 can be obtained from Ramsay Health Care Limited, Level 18, 126 Phillip Street, Sydney, NSW, 2000, Australia.

2. Basis of Preparation

The Financial Statements have been prepared on a historical cost basis. The Financial Statements are presented in sterling and all values are rounded to the nearest thousand (£'000) except where otherwise indicated.

Going Concern

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

The Company has an excess of current liabilities over current assets of £3.2m at 30 June 2019, (2018: excess of current liabilities over current assets of £0.1m) and is cash generative. The Directors have carried out a detailed review of revised cash flow forecasts as a result of the COVID-19 pandemic covering 12 months from the approval of these financial statements. The latest projections show the company generating positive cash flows through the 12-month period from the date of this report. The Company also has the continued support of its ultimate parent company Ramsay Health Care Limited. The ultimate parent company has confirmed that it will continue to support the Company. The Directors have also assessed the ability of Ramsay Healthcare Limited to support the Company, and in light of the A\$1.2bn institutional capital raise along with a subsequent A\$0.3bn retail capital raise, headroom available in most recent cash flow forecasts and further funding available under the group's syndicated debt facility, the Directors have concluded that parent company has the ability to support.

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.

Statement of Compliance

The Financial Statements of Ramsay Diagnostics UK Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations as endorsed by the European Union, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

Notes to the Financial Statements

at 30 June 2019

3. Summary of Significant Accounting Policies

Property, Plant and Equipment

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

Depreciation is calculated on a straight line basis over the useful life of the asset as follows:

- Equipment, fixtures and fittings - over 5 to 10 years
- Computer equipment - over 4 years

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

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

Impairment of Non-Financial Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

Impairment losses are recognised as amortisation/depreciation expenses in the Statement of Comprehensive Income.

Notes to the Financial Statements (continued)

at 30 June 2019

3. Summary of Significant Accounting Policies (continued)

Impairment of Non-Financial Assets (continued)

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Comprehensive Income.

Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location are accounted for as purchase cost on a first in, first out basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

Cash and Cash Equivalents

Cash and short term deposits in the Statement of Financial Position comprise cash at banks and in hand, and short term deposits with an original maturity of three months or less.

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual term expires. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets and financial liabilities are initially measured at fair value.

Financial assets:

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

Fair value through profit or loss

All of the Company's financial assets other than those which meet the criteria to be measured at amortised cost are subsequently measured at fair value at the end of each reporting period, with any fair value gains or losses being recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

Notes to the Financial Statements (continued)

at 30 June 2019

3. Summary of Significant Accounting Policies (continued)

Financial instruments (continued)

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

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

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost include trade receivables and loan to subsidiaries and other associated entities included under other current and non-current financial assets.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired.
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

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

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

Notes to the Financial Statements (continued)

at 30 June 2019

3. Summary of Significant Accounting Policies (continued)

Financial instruments (Continued)

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

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

Financial liabilities:

Fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss, when the financial liability is held for trading, or is designated as at fair value through profit or loss. This designation may be made if such designation estimates or significantly reduces a measurement or recognition inconsistency that would otherwise arise, or the financial liability forms part of a group of financial instruments which is managed and its performance is evaluated on a fair value basis, or the financial liability forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at fair value through profit or loss. Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

At amortised cost

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Income Statement.

Notes to the Financial Statements (continued)

at 30 June 2019

3. Summary of Significant Accounting Policies (continued)

Financial instruments (continued)

Finance Expense

Finance expense includes interest, amortisation of discounts or premiums related to borrowings and other costs incurred in connection with the arrangement of borrowings, together with foreign exchange gains and losses on loan balances denominated in foreign currencies. Financing costs are expensed as incurred unless they relate to a qualifying asset. A qualifying asset is an asset which generally takes more than 12 months to get ready for its intended use or sale. In these circumstances, the financing costs are capitalised to the cost of the asset. Where funds are borrowed by the company for the acquisition or construction of a qualifying asset, the amount of financing costs capitalised are those incurred in relation to that borrowing.

Interest bearing loans and borrowings

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs, and have not been designated 'as at fair value through profit or loss.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the Statement of Comprehensive Income when the liabilities are derecognised as well as through the amortisation process.

Offsetting of financial instruments

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

Notes to the Financial Statements (continued)

at 30 June 2019

3. Summary of Significant Accounting Policies (continued)

Financial instruments (Continued)

Fair value measurement

The company measures financial instruments at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming the market participants act in their economic best interests.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use, or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Notes to the Financial Statements (continued)

at 30 June 2019

3. Summary of Significant Accounting Policies (continued)

Financial Instruments (Continued)

Fair value measurement (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1	Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
Level 2	Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
Level 3	Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the company determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of the reporting period.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Notes to the Financial Statements (continued)

at 30 June 2019

3. Summary of Significant Accounting Policies (continued)

Claims and Disputes

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

Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets, or the arrangement conveys a right to use a specific asset or assets.

For arrangements entered into prior to 1 January 2006, the date of inception is deemed to be 1 January 2006, in accordance with the transitional requirements of IFRIC 4.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company, and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, net of any discounts.

Rendering of Services and goods

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

Defined Contribution Pensions

The Company pays contributions to the Ramsay Health Care UK Operations Limited defined contribution pension scheme for eligible employees and accounts for the amount due in each year as a cost in the Statement of Comprehensive Income, on an accruals basis. The assets of the schemes are held separately from those of the group in independently administered funds.

Notes to the Financial Statements (continued)

at 30 June 2019

3. Summary of Significant Accounting Policies (continued)

Taxes

Current Income Tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the Statement of Comprehensive Income.

Deferred Income Tax

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the Statement of Comprehensive Income.

Notes to the Financial Statements (continued)

at 30 June 2019

3. Summary of Significant Accounting Policies (continued)

Taxes (continued)

Deferred Income Tax (continued)

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Sales Tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Current versus non-current classification

Assets and liabilities in the Statement of Financial Position are included based on the current / non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Expected to be realised within twelve months after the reporting period;
- Held primarily for trading, or
- Cash and cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is due to be settled within twelve months after the reporting period;
- Held primarily for trading; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Notes to the Financial Statements (continued)

at 30 June 2019

3. Summary of Significant Accounting Policies (continued)

Significant Accounting Judgements, Estimates and Assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the affected asset or liability in the future.

There are no assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that would have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year.

Notes to the Financial Statements (continued)

at 30 June 2019

4. Future Changes in Accounting Policies

New standards issued in the period

International Accounting Standards (IAS / IFRSs)		Effective Date of Application	Impact on financial statements
IFRS 9	Financial Instruments	1 July 2018	IFRS9 brings together all three aspects of the accounting for financial instruments project; classification and measurement, impairment and hedge accounting. Except for hedge accounting, retrospective application is required, but providing comparative information is not required. The company has evaluated the impact of the new accounting standard, specifically the new impairment model. IFRS9 requires the company to record expected credit losses on all of its trade and other receivables. However, given the low value of historic credit losses, there has been no impact on the allowance for impairment loss of trade and other receivables. The Company accounts for financial instruments in accordance with the accounting policy described in note 3.
IFRS 15	Revenue from Contracts with Customers	1 July 2018	<p>The Company is applying IFRS 15: Revenue from Contracts with Customers using the modified retrospective approach which requires all cumulative effects to be recognised at the date of initial application date being 1 July 2018 for the Company. IFRS 15 superseded IAS 18 Revenue and IAS 11 Construction Contracts. Although IFRS 15 is principles based, it is a significant change from the previous revenue requirements and involves new judgements and estimates as revenue is recognised when control of a good or service transfers to a customer, or on satisfaction of performance obligations under contracts, which replaced the previous notion of risks and rewards.</p> <p>The Company's largest revenue stream relates to patient revenue. Performance obligations to individual patients are generally satisfied over a short term, and fees are generally charged on a fixed price, depending on the type of patient service. Management considers that there is insignificant uncertainty regarding consideration by the entity in relation to patient revenue.</p> <p>Management have also reviewed the performance obligations in relation to non-patient revenue, and are satisfied that all revenue is recognised on completion of a service obligation to the customer. The adoption of IFRS 15 has not resulted in a material impact to the Company's financial statements.</p> <p>The specific requirements of IFRS 15 to other less significant revenue arrangements has also been analysed, with no material adjustment identified.</p>

Notes to the Financial Statements (continued)

at 30 June 2019

4. Future Changes in Accounting Policies (continued)

Standards issued but not yet effective

International Accounting Standards (IAS / IFRSs)		Effective Date of Application	Impact on financial statements
IFRS 16	Leases	1 July 2019	The adoption of the new accounting standard will not have any material impact on the financial statements.
IFRIC 23	Uncertainty over Income Tax Treatment	1 July 2019	The adoption of the new accounting standard will not have any material impact on the financial statements.
IAS 23	Borrowing costs	1 July 2019	The adoption of the new accounting standard will not have any material impact on the financial statements.

5. Revenue

Revenue recognised in the Statement of Comprehensive Income is analysed as follows:

	<i>Year ended 30 June 2019 £'000</i>	<i>Year ended 30 June 2018 £'000</i>
Rendering of diagnostic services (all derived from the UK)	6,795	6,695

Other than those disclosed in notes 11 and 12, there are no other contract assets and contract liabilities.

Notes to the Financial Statements (continued)

at 30 June 2019

6. Operating Profit

Operating profit is stated after charging:

	<i>Year ended 30 June 2019 £'000</i>	<i>Year ended 30 June 2018 £'000</i>
Depreciation – property, plant and equipment	1,388	1,117
Operating lease rentals – short term	26	26
Cost of inventories recognised as an expense (Note 10)	154	139
Profit on sale of plant and equipment	(25)	-
Auditors' remuneration	-	-

Auditors' remuneration for the year ended 30 June 2018 and year ended 30 June 2019 was paid by Ramsay Health Care UK Operations Limited.

7. Employee Benefits Expense

	<i>Year ended 30 June 2019 £'000</i>	<i>Year ended 30 June 2018 £'000</i>
Wages and Salaries	1,667	1,577
Social Security Costs	176	162
Pension Costs	34	22
	<u>1,877</u>	<u>1,761</u>

Employee numbers

The average monthly number of employees (including Directors) during the period was:

	<i>2019 No.</i>	<i>2018 No.</i>
Full Time	36	34
Part Time	8	8
	<u>44</u>	<u>42</u>

No salaries or wages have been paid to Directors during the year (2018: £nil).

Notes to the Financial Statements (continued)

at 30 June 2019

7. Employee Benefits Expense (continued)

The Directors were remunerated by Ramsay Health Care UK Operations Limited. The following disclosures relate to the total amounts paid to the Directors of the Company for their services to this Company and other subsidiaries of the Group. The Directors do not believe that it is practicable to apportion this amount between their services as Directors of the Company and their services as Directors of other subsidiaries.

Directors' emoluments

	<i>Year ended 30 June 2019 £'000</i>	<i>Year ended 30 June 2018 £'000</i>
Emoluments	983	2,068
Value of Company pension contributions to money purchase pension schemes	21	18
Aggregate emoluments	<u>1,004</u>	<u>2,086</u>
	<i>2019 No.</i>	<i>2018 No.</i>
Number of Directors accruing retirements benefits under money purchase pension schemes	<u>1</u>	<u>1</u>

The amounts paid in respect of the highest paid Director are as follows:

	<i>Year ended 30 June 2019 £'000</i>	<i>Year ended 30 June 2018 £'000</i>
Emoluments	595	1,076
Value of company pension contributions to money purchase pension schemes	21	-
Aggregate emoluments	<u>616</u>	<u>1,076</u>

Notes to the Financial Statements (continued)

at 30 June 2019

7. Employee Benefits Expense (continued)

Directors' emoluments (continued)

Executive performance rights plan (equity)

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

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

In the current year, a cost of £273,000 (2018: £1,022,000) was recognised in the statement of comprehensive income with respect to the Executive performance rights scheme.

8. Income Tax

a) The major components of income tax are:

	<i>Year ended 30 June 2019 £'000</i>	<i>Year ended 30 June 2018 £'000</i>
Current Income Tax:		
Group relief	101	215
	<u>101</u>	<u>215</u>
Deferred Income Tax:		
Relating to origination and reversal of timing differences	(15)	10
Prior year adjustment	(161)	8
	<u>(75)</u>	<u>233</u>
Income tax (credit)/charge reported in the Statement of Comprehensive Income	<u>(75)</u>	<u>233</u>

Notes to the Financial Statements (continued)

at 30 June 2019

8. Income Tax (continued)

b) Tax reconciliation

The tax charge in the Statement of Comprehensive Income for the year is higher (2018: lower) than the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%). The amounts are reconciled below:

	<i>Year ended 30 June 2019 £'000</i>	<i>Year ended 30 June 2018 £'000</i>
Accounting profit before income tax	650	1,389
At UK's statutory income tax rate of 19.00% (2018: 19.00%)	124	264
Adjustments in respect of prior year	(161)	8
Non-deductible expenses	6	-
Transfer pricing adjustment	(44)	(39)
At the effective income tax rate of -32.8% (2018: 16.8%)	(75)	233

Group relief was paid for at the statutory income tax rate in respect of current year losses in the amount of £529,000 (2018: £1,132,000). All losses were surrendered from Ramsay Health Care (UK) Limited.

Notes to the Financial Statements (continued)

at 30 June 2019

8. Income Tax (continued)

c) Deferred tax reconciliation:

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

	<i>As at 30 June 2019 £'000</i>	<i>As at 30 June 2018 £'000</i>
Deferred tax asset:		
Accelerated capital allowances	79	-
	<u>79</u>	<u>-</u>
Deferred tax liability:		
Accelerated capital allowances	-	97
	<u>-</u>	<u>97</u>

The deferred tax included in the Statement of Comprehensive Income is as follows:

	<i>Year ended 30 June 2019 £'000</i>	<i>Year ended 30 June 2018 £'000</i>
Accelerated capital allowances	(176)	18
Deferred income tax (credit)/charge	<u>(176)</u>	<u>18</u>

The main rate of corporation tax was set at 19% from 1 April 2018, and in his budget of 16 March 2016, the Chancellor of the Exchequer announced that the corporation tax rate would be further reduced to 17% from 1 April 2020. These changes were substantively enacted at the reporting date. Accordingly, the Company's deferred tax balances as at 30 June 2019 have been calculated at the rate at which the timing differences are expected to reverse.

Notes to the Financial Statements (continued)

at 30 June 2019

9. Property, Plant and Equipment

	<i>Equipment, fixtures and fittings, and computer equipment £'000</i>
Cost:	
At 1 July 2017	8,456
Additions	1,205
At 30 June 2018	9,661
At 1 July 2018	9,661
Additions	2,053
Disposals	(390)
At 30 June 2019	11,324
Depreciation and Impairment:	
At 1 July 2017	(3,968)
Depreciation charge for the year	(1,117)
At 30 June 2018	(5,085)
At 1 July 2018	(5,085)
Depreciation charge for the year	(1,388)
Depreciation on disposals	389
At 30 June 2019	(6,084)
Net book value:	
At 30 June 2019	5,240
At 30 June 2018	4,576

Notes to the Financial Statements (continued)

at 30 June 2019

10. Inventories

	<i>As at 30 June 2019 £'000</i>	<i>As at 30 June 2018 £'000</i>
Consumables	17	13

During the year, £154,000 (2018: £139,000) was recognised as an expense for inventories carried at the lower of cost or net realisable value. This is recognised in cost of sales.

11. Trade and Other Receivables (current)

	<i>As at 30 June 2019 £'000</i>	<i>As at 30 June 2018 £'000</i>
Trade receivables	41	53
Other debtors	4	4
Prepayments	173	177
Receivables due from group undertakings	11,433	11,571
	<u>11,651</u>	<u>11,805</u>

For terms and conditions relating to receivables due from group undertakings, please refer to note 15.

Trade receivables are non-interest bearing and are generally on 30-90 day terms.

As at 30 June 2019, no trade receivables (2018: £Nil) were impaired or required to be provided for.

The fair value of trade and other receivables is not materially different from the carrying value.

The ageing analysis of trade receivables is as follows:

	<i>Total £'000</i>	<i>Neither past due nor impaired £'000</i>	<i>< 30 days £'000</i>	<i>Past due but not impaired Period overdue</i>		
				<i>30-60 days £'000</i>	<i>60-120 days £'000</i>	<i>> 120 days £'000</i>
30 June 2019	41	16	12	2	3	8
30 June 2018	53	20	18	1	4	10

Notes to the Financial Statements (continued)

at 30 June 2019

12. Trade and Other Payables (current)

	<i>As at 30 June 2019 £'000</i>	<i>As at 30 June 2018 £'000</i>
Trade payables	57	15
Other payables	3	-
Payables due to group undertakings	14,902	11,801
Accruals and deferred income	113	298
	<u>15,075</u>	<u>12,114</u>

The terms and conditions of the above financial liabilities are:

- Trade payables are non-interest bearing and are normally settled on 30-45 day terms.
- Other payables are non-interest bearing and have an average term of 3 months.
- For terms and conditions relating to payables due to group undertakings, please refer to note 15.

The fair value of trade and other payables is not materially different from the carrying value.

13. Issued Capital and Reserves

	<i>As at 30 June 2019 £'000</i>	<i>As at 30 June 2018 £'000</i>
Authorised		
100 ordinary shares of £1 each	-	-
	<u>-</u>	<u>-</u>
	<i>Number</i>	<i>Number</i>
Ordinary shares issued and fully paid		
At 1 July 2017, 30 June 2018 and 30 June 2019	100	100
	<u>100</u>	<u>100</u>

All shares are Ordinary shares of £1 each, carrying one vote per share. There are no restrictions applied to the Ordinary shares.

Notes to the Financial Statements (continued)

at 30 June 2019

14. Commitments and Contingencies

Operating Lease Commitments – as lessee

The Company has entered into commercial leases for equipment. These leases have an average life of 5 years with no renewal option included in the lease. There are no restrictions placed upon the Company by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as at 30 June 2019 are as follows:

	As at 30 June 2019 £'000	As at 30 June 2018 £'000
Within one year	-	6
After one year but not more than five years	-	-
	<u>-</u>	<u>6</u>

15. Related Party Disclosures

The following table provides the total amount of transactions, which have been entered into with related parties for the relevant financial period (for information regarding outstanding balances at 30 June 2019 and 30 June 2018, refer to notes 11 and 12).

		Sales to related parties £'000	Amounts owed by related parties £'000	Amounts owed to related parties £'000
Intermediate parent company:				
Ramsay Health Care (UK) Limited	June 2019	-	-	14,902
	June 2018	-	-	11,801
Other Group undertakings				
	June 2019	6,578	11,433	-
	June 2018	6,434	11,571	-
Total				
	June 2019	<u>6,578</u>	<u>11,433</u>	<u>14,902</u>
	June 2018	<u>6,434</u>	<u>11,571</u>	<u>11,801</u>

Notes to the Financial Statements (continued)

at 30 June 2019

15. Related Party Disclosures (continued)

The Ultimate Parent Company

The immediate parent company is Ramsay Health Care Holdings UK Limited. The ultimate parent company is Ramsay Health Care Limited. There were no transactions between the Company and Ramsay Health Care Limited during the financial period.

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

Terms and Conditions of Transactions with Related Parties

The sales to and purchases from related parties are made at normal market prices. Outstanding trading balances at the period end are unsecured, interest free and settlement occurs in cash. Related party loan balances with fellow UK subsidiary companies are interest free. For the year ended 30 June 2019 the Company has not recorded any impairment of receivables relating to amounts owed by related parties (2018: £Nil). This assessment is undertaken each financial period through examining the financial position of the related party and the market in which the related party operates.

16. Financial Risk Management Objectives and Policies

The Company does not have any significant financial liabilities, but has access to finance through intercompany borrowings. The Company has various financial assets such as trade receivables, cash and bank balances, and short term deposits, which arise directly from its operations.

It is, and has been throughout the year ended 30 June 2019 the Company's policy that no trading in derivatives should be undertaken.

The main risks arising from the Company's financial instruments are liquidity risk and credit risk. The Board of Directors review and agree policies for managing each of these risks which are set out in the discussion of principal risks and uncertainties on page 2 of the strategic report.

Credit Risk

The Company trades only with recognised, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant. The maximum exposure is the carrying amount as disclosed in note 11. There are no significant concentrations of credit risk within the Company.

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

Notes to the Financial Statements (continued)

at 30 June 2019

16. Financial Risk Management Objectives and Policies (continued)

Liquidity Risk

The Company's objective is to maintain continuity of funding.

The table below summarises the maturity profile of the Company's financial liabilities at 30 June 2019, based on contractual undiscounted payments.

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

	On demand £'000	Less than 3 months £'000	3 to 12 months £'000	1 to 5 years £'000	> 5 years £'000	Total £'000
30 June 2019						
Financial Liabilities						
Trade and other payables	-	(173)	-	-	-	(173)
Payables due to group undertakings	(14,902)	-	-	-	-	(14,902)
	<u>(14,902)</u>	<u>(173)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15,075)</u>
	On demand £'000	Less than 3 months £'000	3 to 12 months £'000	1 to 5 years £'000	> 5 years £'000	Total £'000
30 June 2018						
Financial Liabilities						
Trade and other payables	-	(313)	-	-	-	(313)
Payables due to group undertakings	(11,801)	-	-	-	-	(11,801)
	<u>(11,801)</u>	<u>(313)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,114)</u>

Notes to the Financial Statements (continued)

at 30 June 2019

16. Financial Risk Management Objectives and Policies (continued)

Capital Management

Capital includes equity attributable to the equity holders of the parent.

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

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year ended 30 June 2019.

17. Significant Events

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

- 200 staff, who volunteered to work in nearby NHS intensive care units and palliative care wards, including the Nightingale Hospital at ExCeL London;
- 50 ventilators, which were provided to neighbouring trusts free of charge; and
- Over 7,000 urgent cancer procedures on behalf of the NHS.

Under the contract, Ramsay receives operating cost recovery for the costs incurred in providing this support, plus an amount relating to infrastructure cost equal to 8.6% of the qualifying costs that are reimbursed. Payments to Ramsay will be made weekly in advance under the contract ensuring that positive cash flow is maintained throughout the period of the contract. The contract had an initial minimum term up to 28 June 2020, and now continues on a rolling basis until the NHS serve notice. These events have no impact on the results for the period to 30 June 2019 or the balance sheet at that date as the events are non-adjusting post balance sheet events. The valuation of assets held on the Balance Sheet as at 30 June 2019 have been reviewed in line with the revised forecasts, and there is no significant impact on the valuation of assets or liabilities that requires disclosure in these financial statements.

As key workers, Ramsay's hospital employees were able to travel to work during the peak of the pandemic and to send their children to school. Head office and support staff were encouraged to work from home. A small proportion of staff were consulted with, and opted to be furloughed under the Covid Job Retention Scheme. Although shortages of PPE were widely reported in the national press, Ramsay was able to source adequate supplies for its needs by leveraging its global supply chain.

Notes to the Financial Statements (continued)

at 30 June 2019

17. Significant Events (continued)

The current NHS Covid support contract may reduce profitability in the early part of the year to 30 June 2021 whilst the agreement continues. However, the cash positive nature of the arrangement as outlined above reinforces the Directors use of the going concern assumption in preparation of the financial statements. Discussions for a revised contract for the next phase of support with the NHS are underway, and Ramsay is committed to being supportive of the NHS as the health care system recovers from the pandemic. Treatments for privately insured and self-pay patients are expected to recommence in the near future.