

Registration number: 04464225

Ramsay Diagnostics UK Limited

Report and Financial Statements

for the Year Ended 30 June 2021

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Ramsay Diagnostics UK Limited

Company Information

Directors P Allen
N J Costa

Company secretary M Erfan

Registered office Level 18, Tower 42
25 Old Broad Street
London
EC2N 1HQ

Auditor Ernst & Young LLP
400 Capability Green
Luton
Bedfordshire
LU1 3LU

Ramsay Diagnostics UK Limited

Directors' Report for the Year Ended 30 June 2021

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

Principal activity

The principal activity of the company is the provision of diagnostic imaging services.

Dividends

The company paid an interim dividend of £1,250,000 (2020: £Nil) during the year. The directors do not recommend the payment of a final dividend (2020: £Nil).

Going concern

The company has an excess of current liabilities over current assets of £2,050,000 at 30 June 2021, (2020: excess of current liabilities over current assets of £2,817,000) and is cash generative. The directors have carried out a detailed review of the cash flow forecasts covering the period to 31 August 2023. The latest projections show the Ramsay Health Care UK group of companies which include this 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 for a period of 12 months from the date the financial statements are signed. The directors have also assessed the ability of Ramsay Health Care Limited to support the Ramsay Health Care UK group of companies which include this company, and in light of the headroom available in most recent cash flow forecasts and further funding available under the group's syndicated debt facility, the directors have concluded that parent company has the ability to support.

On 20 April 2022, Ramsay Health Care Limited confirmed that it had received a conditional, non-binding, indicative proposal from a consortium of financial investors led by KKR to acquire 100% of the shares in Ramsay by way of a scheme of arrangement.

The funding to the Ramsay UK group of companies is guaranteed by Ramsay Health Care Limited. Whilst the KKR proposal is subject to a number of conditions, and the directors have no reason to believe that Ramsay Health Care Limited would not continue to support all companies in the UK group or renew the funding facilities, the letter of support provided by Ramsay Health Care Limited is only effective whilst the companies remain 100% owned subsidiaries of Ramsay Health Care Limited. The possibility that Ramsay Health Care Limited may be acquired by KKR creates uncertainties relating to the future funding and structure of the UK operations which the directors do not have visibility. This constitutes a material uncertainty which may cast significant doubt on the going concern of the company in the 12 month period to 31 August 2023.

Notwithstanding the material uncertainty described above, the directors have a reasonable expectation that the company will continue as a going concern. Accordingly, these financial statements have been prepared on a going concern basis and do not contain adjustments that would result if the company were unable to continue as a going concern.

Directors of the company

The directors, who held office during the year, and up to the date of this report, were as follows:

A W Jones (resigned 21 March 2022)

P Allen

The following director was appointed after the year end:

N J Costa (appointed 21 March 2022)

Ramsay Diagnostics UK Limited

Directors' Report for the Year Ended 30 June 2021 (continued)

Future developments

There are no changes expected in the company's activities for the foreseeable future.

Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Reappointment of auditor

The auditor, Ernst & Young LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Small companies provision statement

This report has been prepared in accordance with the small companies provisions under the Companies Act 2006.

Approved by the Board on .09 August 2022 and signed on its behalf by:



.....
P Allen
Director

Ramsay Diagnostics UK Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable United Kingdom 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 International Accounting Standards in conformity with the requirements of the Companies Act 2006. 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 for that period.

In preparing these 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;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company financial position and financial performance;
- in respect of the financial statements, state whether International accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Under applicable law and regulations, the directors are also responsible for preparing a directors' report that complies with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

Independent Auditor's Report to the Members of Ramsay Diagnostics UK Limited

Opinion

We have audited the financial statements of Ramsay Diagnostics UK Limited (the 'company') for the year ended 30 June 2021, which comprise the Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and the related notes 1 to 21, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

Material uncertainty relating to going concern

We draw attention to note 2 in the financial statements where the directors highlight the potential financial consequences of the company's ultimate parent company Ramsay Health Care Limited receiving an indicative proposal from a consortium of investors. These events and conditions, along with the other matters as set forth in note 2, constitute a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Other information

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

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

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

We have nothing to report in this regard.

Independent Auditor's Report to the Members of Ramsay Diagnostics UK Limited (continued)

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has 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 Directors' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities (set out on page 4), 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.

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.

Independent Auditor's Report to the Members of Ramsay Diagnostics UK Limited (continued)

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

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined the most significant to be those relating to United Kingdom Generally Accepted Accounting Practice, the Companies Act 2006, and United Kingdom direct and indirect tax regulations. In addition, the company must comply with operational laws and regulations including health and safety regulations, environmental regulations and GDPR.
- We understood how the company is complying with those frameworks by making enquiries of senior finance personnel and those charged with governance and gaining an understanding of the entity level controls of the company in respect of these areas and the controls in place to reduce opportunity for fraudulent transactions.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management, and those charged with governance to understand where it considered there was susceptibility to fraud. We considered the procedures and controls that the company has established to address risks identified, or that otherwise prevent, deter and detect fraud and gained an understanding as to how those procedures and controls are implemented and monitored. We determined there to be a risk of management override in relation to the posting of non-standard manual journals in respect of revenue. To address the risk of management override, we have agreed a sample of manual journals to supporting source documentation.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures included obtaining and reading board and management meeting minutes and relevant approval documents, enquiries of senior finance personnel and those charged with governance and agreement of samples of transactions throughout the audit to supporting source documentation.

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

Independent Auditor's Report to the Members of Ramsay Diagnostics UK Limited (continued)

Use of our report

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

Ernst & Young LLP

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

Date: 10 August 2022
Date:.....

Ramsay Diagnostics UK Limited

Income Statement for the Year Ended 30 June 2021

	Note	2021 £ 000	2020 £ 000
Revenue	4	9,327	6,589
Cost of sales		<u>(3,123)</u>	<u>(2,036)</u>
Gross profit		6,204	4,553
Administrative expenses		<u>(5,369)</u>	<u>(4,178)</u>
Operating profit	5	<u>835</u>	<u>375</u>
Profit before tax		835	375
Income tax credit/(expense)	9	<u>149</u>	<u>(13)</u>
Profit for the year		<u><u>984</u></u>	<u><u>362</u></u>

The above results were derived from continuing operations.

Statement of Comprehensive Income

No separate statement of comprehensive income has been presented because the company has no other comprehensive income other than the profit for the financial year.

The notes on pages 13 to 33 form an integral part of these financial statements.

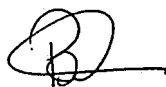
Ramsay Diagnostics UK Limited

(Registration number: 04464225)

Statement of Financial Position as at 30 June 2021

	Note	2021 £ 000	2020 £ 000
Assets			
Non-current assets			
Property, plant and equipment	10	3,718	5,107
Deferred tax assets	9	498	142
		<u>4,216</u>	<u>5,249</u>
Current assets			
Inventories	11	36	14
Trade and other receivables	12	14,860	13,273
Cash and cash equivalents	13	199	150
		<u>15,095</u>	<u>13,437</u>
Total assets		<u>19,311</u>	<u>18,686</u>
Equity and liabilities			
Equity			
Share capital	14	-	-
Retained earnings		<u>(2,166)</u>	<u>(2,432)</u>
Total equity		<u>(2,166)</u>	<u>(2,432)</u>
Current liabilities			
Trade and other payables	15	<u>(17,145)</u>	<u>(16,254)</u>
Total equity and liabilities		<u>(19,311)</u>	<u>(18,686)</u>

The financial statements were approved and authorised for issue by the Board on 09 August 2022 and signed on its behalf by:



P Allen
Director

The notes on pages 13 to 33 form an integral part of these financial statements.

Ramsay Diagnostics UK Limited

Statement of Changes in Equity for the Year Ended 30 June 2021

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 July 2020	-	2,432	2,432
Profit for the year	-	984	984
Dividends	-	(1,250)	(1,250)
At 30 June 2021	<u>-</u>	<u>2,166</u>	<u>2,166</u>
	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 July 2019	-	2,070	2,070
Profit for the year	-	362	362
At 30 June 2020	<u>-</u>	<u>2,432</u>	<u>2,432</u>

Share capital

The balance classified as equity share capital represents the aggregate nominal value of the company's equity shares in issue.

Retained earnings

The retained earnings reserve includes all current and prior period retained profits and losses.

Ramsay Diagnostics UK Limited

Statement of Cash Flows for the Year Ended 30 June 2021

	Note	2021 £ 000	2020 £ 000
Cash flows from operating activities			
Profit for the year		984	362
Adjustments to cash flows from non-cash items:			
Depreciation on property, plant and equipment	5	1,448	1,358
Profit on disposal of property plant and equipment		-	(23)
Income tax (credit)/expense	9	(149)	13
		2,283	1,710
Working capital adjustments:			
(Increase)/decrease in inventories	11	(22)	3
(Increase)/decrease in trade and other receivables	12	(165)	42
(Decrease)/increase in trade and other payables	15	(566)	1,096
Cash generated from operations		1,530	2,851
Income taxes paid		(207)	(76)
Net cash flow from operating activities		1,323	2,775
Cash flows from investing activities			
Acquisitions of property plant and equipment	10	(59)	(1,225)
Proceeds from sale of property plant and equipment		-	23
Net cash out flows from investing activities		(59)	(1,202)
Cash flows from financing activities			
Decrease/(increase) in net payables due to group undertakings	18	35	(1,581)
Dividends paid	17	(1,250)	-
Net cash out flows from financing activities		(1,215)	(1,581)
Net increase/(decrease) in cash and cash equivalents	18	49	(8)
Cash and cash equivalents at 1 July		150	158
Cash and cash equivalents at 30 June	13	199	150

The notes on pages 13 to 33 form an integral part of these financial statements.

Ramsay Diagnostics UK Limited

Notes to the Financial Statements for the Year Ended 30 June 2021

1 General information

The company is a private company limited by share capital, incorporated and domiciled in United Kingdom.

The address of its registered office is:

Level 18, Tower 42
25 Old Broad Street
London
EC2N 1HQ

2 Accounting policies

Statement of compliance

The financial statements of Ramsay Diagnostics UK Limited have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006.

Basis of preparation

The financial statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and under historical cost accounting rules. The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

The company's financial statements are presented in pounds Sterling, rounded to thousands, which is considered to be the functional currency of the company.

New standards, interpretations and amendments effective

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 30 June 2021 that have had a material impact on the company's financial statements.

New standards, interpretations and amendments not yet effective

None of the standards, interpretations and amendments which are effective for periods beginning on or after 1 July 2021 and which have not been adopted early, are expected to have a material effect on the financial statements.

Going concern

The company has an excess of current liabilities over current assets of £2,050,000 at 30 June 2021, (2020: excess of current liabilities over current assets of £2,817,000) and is cash generative. The directors have carried out a detailed review of the cash flow forecasts covering the period to 31 August 2023. The latest projections show the Ramsay Health Care UK group of companies which include this 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 for a period of 12 months from the date the financial statements are signed. The directors have also assessed the ability of Ramsay Health Care Limited to support the Ramsay Health Care UK group of companies which include this company, and in light of the headroom available in most recent cash flow forecasts and further funding available under the group's syndicated debt facility, the

Ramsay Diagnostics UK Limited

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

2 Accounting policies (continued)

Going concern (continued)

directors have concluded that parent company has the ability to support.

On 20 April 2022, Ramsay Health Care Limited confirmed that it had received a conditional, non-binding, indicative proposal from a consortium of financial investors led by KKR to acquire 100% of the shares in Ramsay by way of a scheme of arrangement.

The funding to the Ramsay UK group of companies is guaranteed by Ramsay Health Care Limited. Whilst the KKR proposal is subject to a number of conditions, and the directors have no reason to believe that Ramsay Health Care Limited would not continue to support all companies in the UK group or renew the funding facilities, the letter of support provided by Ramsay Health Care Limited is only effective whilst the companies remain 100% owned subsidiaries of Ramsay Health Care Limited. The possibility that Ramsay Health Care Limited may be acquired by KKR creates uncertainties relating to the future funding and structure of the UK operations which the directors do not have visibility. This constitutes a material uncertainty which may cast significant doubt on the going concern of the company in the 12 month period to 31 August 2023.

Notwithstanding the material uncertainty described above, the directors have a reasonable expectation that the company will continue as a going concern. Accordingly, these financial statements have been prepared on a going concern basis and do not contain adjustments that would result if the company were unable to continue as a going concern.

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Revenue recognition

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

This revenue is recognised in the accounting period when the services are rendered at an amount that reflects the fair value of the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers.

Tax

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

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

Ramsay Diagnostics UK Limited

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

2 Accounting policies (continued)

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Property, plant and equipment

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

Depreciation

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Equipment, fixtures and fittings	straight line over 5 to 10 years
Computer equipment	straight line 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 income statement in the year the asset is derecognised. The assets' residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

Impairment of non-financial assets

The carrying values of non-financial assets are reviewed at each reporting date to determine whether there is an indication of impairment. If any impairment loss arises, the asset value is adjusted to its estimated recoverable amount and the difference is recognised in the income statement. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Ramsay Diagnostics UK Limited

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

2 Accounting policies (continued)

Impairment of non-financial assets (continued)

For assets where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined, net of depreciation, had no impairment losses been recognised for the asset or cash generating unit in prior years. A reversal of impairment is recognised immediately in the income statement, unless the asset is carried at a revalued amount when it is treated as a revaluation increase.

Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method. A provision for the impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method.

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to make the sale; the impairment loss is recognised immediately in the income statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Claims and disputes

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

Ramsay Diagnostics UK Limited

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

2 Accounting policies (continued)

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

Defined contribution pension obligation

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 Income Statement, on an accruals basis. The assets of the schemes are held separately from those of the group in independently administered funds.

Financial instruments

Initial recognition

Financial assets and financial liabilities comprise all assets and liabilities reflected in the statement of financial position, excluding property, plant and equipment, deferred tax assets, prepayments and deferred tax liabilities. The company recognises financial assets and financial liabilities in the statement of financial position when, and only when, the company becomes party to the contractual provisions of the financial instrument. Financial assets are initially recognised at fair value. Financial liabilities are initially recognised at fair value, representing the proceeds received net of premiums, discounts and transaction costs that are directly attributable to the financial liability. Subsequent to initial measurement, financial assets and financial liabilities are measured at either amortised cost or fair value.

Classification and measurement

Financial assets at amortised cost

The company measures financial assets at amortised cost if both of the following conditions are met:

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

If either of the above two criteria is not met, the financial assets are classified and measured at fair value through the profit or loss (FVTPL). This category is the most relevant to the company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the income statement. The losses arising from impairment are recognised in the income statement.

Ramsay Diagnostics UK Limited

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

2 Accounting policies (continued)

Financial instruments (continued)

Financial assets at fair value through the profit or loss (FVTPL)

Financial assets not otherwise classified above are classified and measured as FVTPL.

The company has no financial assets measured at fair value through profit or loss.

Financial liabilities at amortised cost

Financial liabilities which are not held for trading nor designated as at fair value through profit or loss on initial recognition are subsequently measured at amortised cost using the effective interest (EIR) method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the income statement.

Financial liabilities at fair value through the profit or loss

Financial liabilities are classified as at fair value through profit or loss, when the financial liability is held for trading, or is designated as at fair value through profit or loss. Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

The company has no financial liabilities that are measured at fair value.

Derecognition

Financial assets

The company derecognises a financial asset when;

- the contractual rights to the cash flows from the financial asset expire,
- it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of the consideration received is recognised as a gain or loss in the income statement.

Financial liabilities

The company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

Ramsay Diagnostics UK Limited

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

2 Accounting policies (continued)

Impairment of financial assets

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

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

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

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

Offsetting of financial instruments

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

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires judgements, estimations and assumptions to be made that affect the reported values of assets, liabilities, revenues and expenses. The nature of estimation means that the actual outcomes could differ from those estimates. There are no judgements, estimates and 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.

Ramsay Diagnostics UK Limited

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

4 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2021	2020
	£ 000	£ 000
Rendering of services (all derived from the UK)	<u>9,327</u>	<u>6,589</u>

5 Operating profit

Arrived at after charging/(crediting)

	2021	2020
	£ 000	£ 000
Depreciation expense on property, plant and equipment	1,448	1,358
Inventory recognised as an expense	204	154
Lease expenses	-	1
Profit on disposal of property, plant and equipment	<u>-</u>	<u>(23)</u>

6 Auditor's remuneration

Auditor's remuneration for the year ended 30 June 2021 and year ended 30 June 2020 has been borne by Ramsay Health Care UK Operations Limited.

7 Staff costs

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

	2021	2020
	£ 000	£ 000
Wages and salaries	2,126	1,640
Social security costs	230	167
Pension costs, defined contribution scheme	<u>46</u>	<u>41</u>
	<u>2,402</u>	<u>1,848</u>

Ramsay Diagnostics UK Limited

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

7 Staff costs (continued)

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

	2021 No.	2020 No.
Full-time	33	39
Part-time	14	6
	<u>47</u>	<u>45</u>

8 Directors' remuneration

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

The directors' remuneration for the year was as follows:

	2021 £ 000	2020 £ 000
Remuneration	951	611
Contributions paid to money purchase schemes	23	48
	<u>974</u>	<u>659</u>

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

	2021 No.	2020 No.
Accruing benefits under money purchase pension scheme	<u>1</u>	<u>1</u>

In respect of the highest paid director:

	2021 £ 000	2020 £ 000
Remuneration	716	434
Company contributions to money purchase pension schemes	-	48
	<u>716</u>	<u>482</u>

Ramsay Diagnostics UK Limited

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

8 Directors' remuneration (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 £228,000 (2020: £275,000) was recognised in the income statement with respect to the Executive performance rights scheme.

9 Income tax

Tax charged/(credited) in the income statement

	2021 £ 000	2020 £ 000
Current taxation		
Payment for losses surrendered by group companies	207	76
Deferred taxation		
Arising from origination and reversal of temporary differences	(37)	-
Arising from changes in tax rates and laws	(120)	(15)
Prior year adjustment	(199)	(48)
Total deferred taxation	(356)	(63)
Tax (credit)/expense in the income statement	(149)	13

Ramsay Diagnostics UK Limited

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

9 Income tax (continued)

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2020 - lower than the standard rate of corporation tax in the UK) of 19% (2020:19%).

The differences are reconciled below:

	2021 £ 000	2020 £ 000
Profit before tax	835	375
Corporation tax at standard rate	159	71
Non deductible expenses	-	6
Transfer pricing adjustments	11	(49)
Adjustment in respect of prior year - deferred tax	(199)	-
Deferred tax credit relating to changes in tax rates or laws	(120)	(15)
Total tax (credit)/charge	(149)	13

The tax rate for the current year is the same as the prior year.

Group relief was paid for at the statutory income tax rate in respect of current year losses in the amount of £1,088,000 (2020: £399,000). All losses were surrendered from Ramsay Health Care (UK) Limited.

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate, to reduce the rate to 17% from 1 April 2020. In November 2019, the Prime Minister announced that he intended to cancel the future reduction in corporate tax rate from 19% to 17%. This was subsequently confirmed in the Budget in March 2020. In addition, in the Budget of March 2021, the Chancellor announced an increase in the corporation tax rate from 19% to 25% with effect from 1 April 2023. This was substantively enacted on 24 May 2021.

Deferred tax

Deferred tax assets and liabilities

	Asset £ 000
2021	
Accelerated tax depreciation	498
2020	
Accelerated tax depreciation	142

Ramsay Diagnostics UK Limited

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

9 Income tax (continued)

Deferred tax movement during the year:

	At 1 July 2020 £ 000	Recognised in income £ 000	At 30 June 2021 £ 000
Accelerated tax depreciation	<u>142</u>	<u>356</u>	<u>498</u>

Deferred tax movement during the prior year:

	At 1 July 2019 £ 000	Recognised in income £ 000	At 30 June 2020 £ 000
Accelerated tax depreciation	<u>79</u>	<u>63</u>	<u>142</u>

Ramsay Diagnostics UK Limited

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

10 Property, plant and equipment

	Equipment, fixtures and fittings, and computer equipment £ 000
Cost	
At 1 July 2019	11,324
Additions	1,225
Disposals	(529)
At 30 June 2020	12,020
At 1 July 2020	12,020
Additions	59
Disposals	(5)
At 30 June 2021	12,074
Depreciation	
At 1 July 2019	(6,084)
Charge for year	(1,358)
Eliminated on disposal	529
At 30 June 2020	(6,913)
At 1 July 2020	(6,913)
Charge for the year	(1,448)
Eliminated on disposal	5
At 30 June 2021	(8,356)
Carrying amount	
At 30 June 2021	3,718
At 30 June 2020	5,107
At 1 July 2019	5,240

Ramsay Diagnostics UK Limited

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

11 Inventories

	2021 £ 000	2020 £ 000
Hospital and other supplies	36	14

The cost of inventories recognised as an expense in the year amounted to £204,000 (2020 - £154,000). This is included within cost of sales.

12 Trade and other receivables

	2021 £ 000	2020 £ 000
Trade receivables	78	10
Amounts receivable from group undertakings	14,519	13,097
Prepayments	252	162
Other receivables	11	4
	<u>14,860</u>	<u>13,273</u>

For terms and conditions relating to receivables from group undertakings, refer to note 20.

Due to their short term nature, the fair value of trade and other receivables is not materially different from the carrying value. Trade receivables are non-interest bearing and are generally on 30-90 day terms.

The company's exposure to credit and market risks, including impairments and allowances for credit losses, relating to trade and other receivables is disclosed in the Financial risk review note 19.

Trade receivables above include amounts (detailed below) that are past due at the end of the reporting period and which an allowance for doubtful debts has not been recognised as the amounts are still considered recoverable and there has not been a significant change in credit quality.

Age of trade receivables not impaired

	2021 £ 000	2020 £ 000
Neither past due nor impaired	44	-
0 to 30 days	25	-
31 to 60 days	8	-
61 to 120 days	1	1
More than 120 days	-	9
	<u>78</u>	<u>10</u>

Ramsay Diagnostics UK Limited

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

12 Trade and other receivables (continued)

For trade receivables, the company has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The company determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix.

As at 30 June 2021, no trade receivables (2020: £Nil) were impaired.

13 Cash and cash equivalents

	2021 £ 000	2020 £ 000
Cash at bank	199	150

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

14 Share capital

Authorised, allotted, called up and fully paid shares

	No.	2021 £	No.	2020 £
Ordinary shares of £1 each	100	100	100	100

Rights, preferences and restrictions

Ordinary shares have the following rights, preferences and restrictions:

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

15 Trade and other payables

	2021 £ 000	2020 £ 000
Trade payables	356	858
Accrued expenses	323	411
Amounts payable to group undertakings	16,442	14,985
Social security and other taxes	9	-
Other payables	15	-
	17,145	16,254

Ramsay Diagnostics UK Limited

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

15 Trade and other payables (continued)

The terms and conditions of the above financial liabilities are:

- Trade payables are non-interest bearing and are normally settled on 30-45 day terms;
- Other payables are non-interest bearing and have an average term of three months;
- For terms and conditions relating to amounts payable to group undertakings, refer to note 20; and

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

16 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £46,000 (2020 - £41,000).

17 Dividends

Interim dividends paid

	2021 £ 000	2020 £ 000
Interim dividend of £12,500.00 (2020 - £Nil) per each Ordinary shares	<u>1,250</u>	<u>-</u>

The directors do not recommend the payment of a final dividend (2020: £Nil).

Ramsay Diagnostics UK Limited

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

18 Reconciliation of liabilities arising from financing activities

	Note	At 1 July 2020 £ 000	Cash flows £ 000	At 30 June 2021 £ 000
Cash and cash equivalents				
Cash	13	150	49	199
		150	49	199
Borrowings				
Amounts receivable from group undertakings	12	13,097	1,422	14,519
Amounts payable to group undertakings	15	(14,985)	(1,457)	(16,442)
		(1,888)	(35)	(1,923)
		(1,738)	14	(1,724)

	Note	At 1 July 2019 £ 000	Cash flows £ 000	At 30 June 2020 £ 000
Cash and cash equivalents				
Cash	13	158	(8)	150
		158	(8)	150
Borrowings				
Amounts receivable from group undertakings	12	11,433	1,664	13,097
Amounts payable to group undertakings	15	(14,902)	(83)	(14,985)
		(3,469)	1,581	(1,888)
		(3,311)	1,573	(1,738)

Ramsay Diagnostics UK Limited

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

19 Financial risk review

This note presents information about the company's exposure to financial risks and the company's management of capital.

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 2021 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 below.

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 12. 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.

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 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.

Maturity analysis for financial liabilities and financial assets

The following tables set out the remaining contractual maturities of the company's financial liabilities by type.

Ramsay Diagnostics UK Limited

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

19 Financial risk review (continued)

	On demand £000	Less than 3 months £000	3 to 12 months £000	1 to 5 years £000	In more than 5 years £000	Total £ 000
2021						
Non-derivative liabilities						
Trade and other payables	-	(703)	-	-	-	(703)
Amounts payable to group undertakings	(16,442)	-	-	-	-	(16,442)
	<u>(16,442)</u>	<u>(703)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(17,145)</u>
	On demand £000	Less than 3 months £000	3 to 12 months £000	1 to 5 years £000	In more than 5 years £000	Total £ 000
2020						
Non-derivative liabilities						
Trade and other payables	-	(1,269)	-	-	-	(1,269)
Amounts payable to group undertakings	(14,985)	-	-	-	-	(14,985)
	<u>(14,985)</u>	<u>(1,269)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(16,254)</u>

Capital risk management

Capital management

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

The company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year ending 30 June 2021.

20 Related party transactions

Key management personnel

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

Ramsay Diagnostics UK Limited

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

20 Related party transactions (continued)

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. Related party loan balances with non-UK group companies are charged interest at agreed rates on an arm's length basis. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 30 June 2021 the company has not recorded any impairment of receivables relating to amounts owed by related parties (2020: £nil). This assessment is undertaken each financial period through examining the financial position of the related party and the market in which the related party operates.

Income and receivables from group undertakings

	Ramsay Health Care UK Operations Limited £ 000
2021	
Sale of goods	9,169
Amounts receivable from group undertakings	<u>14,519</u>

	Ramsay Health Care UK Operations Limited £ 000
2020	
Sale of goods	6,447
Amounts receivable from group undertakings	<u>13,097</u>

Expenditure with and payables to group undertakings

	Immediate and intermediate parent £ 000
2021	
Amounts payable to group undertakings	<u>16,442</u>

	Immediate and intermediate parent £ 000
2020	
Amounts payable to group undertakings	<u>14,985</u>

Ramsay Diagnostics UK Limited

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

21 Parent and ultimate parent undertaking

The company's immediate parent is Ramsay Health Care Holdings UK Limited.

The ultimate parent and controlling party is Ramsay Health Care Limited, a company registered in Australia.

The most senior parent entity producing publicly available consolidated group financial statements in which the results of the company are included is Ramsay Health Care Limited. These financial statements are available upon request from Ramsay Health Care Limited, Level 18, 126 Phillip Street, Sydney, NSW, 2000, Australia.