

Registered number: 04892439

ROEHAMPTON HOSPITAL HOLDINGS LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

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ROEHAMPTON HOSPITAL HOLDINGS LIMITED

COMPANY INFORMATION

Directors	SA Carter JNE Cowdell CT Solley H Holman G S Pearce AL Tennant (resigned 30 November 2022) FD Laing (appointed 1 December 2022)
Company secretary	O M Peach
Registered number	04892439
Registered office	3rd Floor (South Building) 200 Aldersgate Street London EC1A 4HD
Independent auditor	BDO LLP 3 Hardman Street Manchester M3 3AT

ROEHAMPTON HOSPITAL HOLDINGS LIMITED

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ROEHAMPTON HOSPITAL HOLDINGS LIMITED

**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

The directors present their annual Group strategic report and the audited financial statements for the year ended 30 September 2022.

Business review

The results of the Group for the year are set out in the consolidated profit and loss account on page 10. Turnover for the year was £16,141,000 (2021: £12,561,000) with profit before taxation of £2,444,000 (2021: £1,494,000). The increase in profit is due to additional legal and financial model costs in relation to the contractual market testing process being suffered in the prior year. During the year the Company did not pay out any dividends (2021: Nil).

At the year end, the Group has total outstanding debt of £54,596,000 (2021: £56,966,000), holds cash reserves totaling £11,866,000 (2021: £11,962,000). The Group currently has net assets of £532,000 (2020: net liabilities £7,956,000) as a result of accounting for the fair value of interest rate and RPI swap agreements, the majority of which do not crystallise as liabilities for a number of years.

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

Development and performance of the business

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

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

Principal risks and uncertainties

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

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

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

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

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

ROEHAMPTON HOSPITAL HOLDINGS LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

Key performance indicators

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

These performance measures relate to:

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

During the year, penalties totalling £18,625 (2021 - £26,174) were imposed for unavailability of hospital areas or for sub-standard delivery of operational services. This represent less than 1% of the total fees charged by the service providers. These are therefore deemed to be inconsequential and do not pose a significant risk to the Group.

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

Going concern

The Group currently has net assets of £532,000 (2021: net liabilities £7,965,000) as a result of accounting for the fair value of interest rate swap agreements, the majority of which do not crystallise as liabilities for a number of years. As such, the Group's forecasts and projections, taking account of the impact of swaps and reasonably possible changes in trading performance, show that it should be able to operate within the level of its current facilities and continue to meet forecast loan covenants. The financial model in place allows the Directors to review forecasts, including cash flows, and allows for stress testing against the loan covenants. Due to the contractual nature of the SPV, cash flows are guaranteed with the only risk around going concern being the levels of service which are monitored closely through review of KPIs. The Directors have reviewed these tests and are satisfied with the results and consider the Group and Company to be a going concern.

During the year, the Company has undertaken a review, in collaboration with the sole customer, of the historic billing position. Whilst the review remained ongoing at the balance sheet date, full resolution was achieved by the date of signing of the financial statements. The directors confirm that the outcome of the review has not negatively affected the Company's forecasted cash flows. For these reasons, the directors have prepared the financial statements on a going concern basis.

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.

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

DocuSigned by:

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H Holman
Director

Date: 06-Jun-2023 | 5:14 PM BST

ROEHAMPTON HOSPITAL HOLDINGS LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

The directors present their report and the financial statements for the year ended 30 September 2022.

Principal activities

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

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

Results and dividends

The profit for the year, after taxation, amounted to £1,955,000 (2021 - £1,200,000).

The Group did not make any dividend payments in the year (2021: Nil). Subsequent to the year end, the Directors paid a dividend of £2,341,000 following approval by the Board.

Directors

The directors who served during the year were:

SA Carter
JNE Cowdell
AL Tennant (resigned 30 November 2022)
CT Solley
H Holman
G S Pearce
FD Laing (appointed 01 December 2022)

Qualifying third party indemnity provisions

The Directors have qualifying third party indemnity provisions put in place through other companies of which they are also directors.

Matters covered in the strategic report

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

ROEHAMPTON HOSPITAL HOLDINGS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

Disclosure of information to auditor

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

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

Auditor

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

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

DocuSigned by:



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H Holman
Director

Date: 06-Jun-2023 | 5:14 PM BST

ROEHAMPTON HOSPITAL HOLDINGS LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

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

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ROEHAMPTON HOSPITAL HOLDINGS LIMITED

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

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 September 2022 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Roehampton Hospital Holdings Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 30 September 2022, which comprise the Consolidated Profit and Loss and Other Comprehensive Income, Consolidated Balance sheet, Consolidated Statement of changes in equity, the Consolidated Statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

Independence

We are independent of the Group and Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

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

ROEHAMPTON HOSPITAL HOLDINGS LIMITED

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

Other information

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

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

- the information given in the Group 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 Group strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report or the Directors' report.

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

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

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 5, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

ROEHAMPTON HOSPITAL HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROEHAMPTON HOSPITAL HOLDINGS 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 Group financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

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

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

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

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

ROEHAMPTON HOSPITAL HOLDINGS LIMITED

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

Use of our report

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

DocuSigned by:

Sakib Isa

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Sakib Isa (Senior statutory auditor)
for and on behalf of
BDO LLP, Statutory Auditor
Manchester
M3 3AT
Date: 06 June 2023

ROEHAMPTON HOSPITAL HOLDINGS LIMITED

**CONSOLIDATED PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

	Note	2022 £000	2021 £000
Turnover	3	16,141	12,561
Cost of sales		(11,488)	(8,925)
Gross profit		4,653	3,636
Administrative expenses		(1,024)	(1,088)
Operating profit	5	3,629	2,548
Interest receivable and similar income	6	2,970	3,033
Interest payable and similar expenses	7	(4,155)	(4,087)
Profit before taxation		2,444	1,494
Tax on profit	8	(489)	(294)
Profit for the financial year		1,955	1,200
Other comprehensive income/(expense) for the year			
Effective portion of changes in fair value of cash flow hedge		5,916	(143)
Net change in fair value of cash flow hedge recycled to profit and loss		2,795	3,072
Taxation in respect of items of other comprehensive income		(2,178)	1,033
Other comprehensive income for the year		6,533	3,962
Total comprehensive income for the year		8,488	5,162
Profit for the year attributable to:			
Owners of the parent Company		1,955	1,200
		1,955	1,200

The notes on pages 17 to 37 form part of these financial statements.

All amounts relate to continuing operations.

ROEHAMPTON HOSPITAL HOLDINGS LIMITED
REGISTERED NUMBER: 04892439

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022

	Note	2022 £000	2021 £000
Non-current assets			
Debtors: amounts falling due after one year	10	65,183	67,702
		<u>65,183</u>	<u>67,702</u>
Current assets			
Debtors: amounts falling due within one year	10	8,380	8,005
Cash at bank		11,866	11,962
		<u>20,246</u>	<u>19,967</u>
Creditors: amounts falling due within one year	11	(12,190)	(13,082)
Net current assets		<u>8,056</u>	<u>6,885</u>
Total assets less current liabilities		<u>73,239</u>	<u>74,587</u>
Creditors: amounts falling due after more than one year	12	(68,671)	(78,262)
Provisions for liabilities			
Other provisions	16	(4,036)	(4,281)
		<u>(4,036)</u>	<u>(4,281)</u>
Net assets/(liabilities)		<u><u>532</u></u>	<u><u>(7,956)</u></u>
Capital and reserves			
Called up share capital	17	50	50
Cash flow hedge reserve	18	(13,335)	(19,868)
Profit and loss account	18	13,817	11,862
		<u>532</u>	<u>(7,956)</u>

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

DocuSigned by:

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H Holman
 Director

Date: 06-Jun-2023 | 5:14 PM BST

The notes on pages 17 to 37 form part of these financial statements.

ROEHAMPTON HOSPITAL HOLDINGS LIMITED
REGISTERED NUMBER: 04892439

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022

	Note	2022 £000	2021 £000
Non-current assets			
Investments	9	50	50
		<u>50</u>	<u>50</u>
Current assets			
Debtors: amounts falling due after one year	10	3,275	3,275
		<u>3,275</u>	<u>3,275</u>
Total assets less current liabilities		3,325	3,325
Creditors: amounts falling due after more than one year	12	(3,275)	(3,275)
		<u>50</u>	<u>50</u>
Net assets		50	50
Capital and reserves			
Called up share capital	17	50	50
Profit and loss account	18	-	-
		<u>50</u>	<u>50</u>

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

DocuSigned by:

E00D8FD107D54D9...
H Holman
Director

Date: 06-Jun-2023 | 5:14 PM BST

The notes on pages 17 to 37 form part of these financial statements.

ROEHAMPTON HOSPITAL HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

	Called up share capital	Cash flow hedge reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 October 2021	50	(19,868)	11,862	(7,956)
Comprehensive income for the year				
Profit for the year	-	-	1,955	1,955
Taxation in respect of items of other comprehensive income	-	(2,178)	-	(2,178)
Effective portion of changes in fair value of cash flow hedge	-	5,916	-	5,916
Net change in fair value of cashflow hedge recycled to profit and loss	-	2,795	-	2,795
Other comprehensive income for the year	-	6,533	-	6,533
Total comprehensive income for the year	-	6,533	1,955	8,488
At 30 September 2022	50	(13,335)	13,817	532

The notes on pages 17 to 37 form part of these financial statements.

ROEHAMPTON HOSPITAL HOLDINGS LIMITED

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

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

The notes on pages 17 to 37 form part of these financial statements.

ROEHAMPTON HOSPITAL HOLDINGS LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

	Called up share capital	Total equity
	£000	£000
At 1 October 2021	50	50
Other comprehensive income for the year	-	-
Total comprehensive income for the year	-	-
At 30 September 2022	50	50

The notes on pages 17 to 37 form part of these financial statements.

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

	Called up share capital	Total equity
	£000	£000
At 1 October 2020	50	50
Other comprehensive income for the year	-	-
Total comprehensive income for the year	-	-
At 30 September 2021	50	50

The notes on pages 17 to 37 form part of these financial statements.

ROEHAMPTON HOSPITAL HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

	2022 £000	2021 £000
Cash flows from operating activities		
Profit for the financial year	1,955	1,200
Adjustments for:		
Amortisation of issue costs	(56)	(60)
Interest paid	4,155	4,087
Interest received	(2,914)	(2,973)
Taxation charge	489	294
(Increase)/decrease in debtors	(139)	2,551
(Decrease)/increase in creditors	(312)	138
Decrease in provisions	(245)	(1,189)
Corporation tax paid	(238)	(265)
Net cash generated from operating activities	2,695	3,783
Cash flows from investing activities		
Interest received	2,914	2,973
Interest paid	(3,391)	(3,705)
Net cash used in investing activities	(477)	(732)
Cash flows from financing activities		
Repayment of loans	(2,314)	(2,455)
Net cash used in financing activities	(2,314)	(2,455)
Net (decrease)/increase in cash and cash equivalents	(96)	596
Cash and cash equivalents at beginning of year	11,962	11,366
Cash and cash equivalents at the end of year	11,866	11,962

The notes on pages 17 to 37 form part of these financial statements.

ROEHAMPTON HOSPITAL HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

1. Accounting policies

1.1 Basis of preparation of financial statements

Roehampton Hospital Holdings Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK. The Company was incorporated on 9th September 2003.

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The profit after tax of the Company for the year was £Nil (2021 - £Nil).

The Group's presentational and functional currency is GBP. Values are rounded to the nearest pound.

Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented;
- No cash flow statement has been presented for the parent company;
- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole

ROEHAMPTON HOSPITAL HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

1. Accounting policies (continued)

The following principal accounting policies have been applied:

1.2 Basis of consolidation

The consolidated financial statements present the results of Group and its subsidiary ("the Group"). Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In preparing the separate financial statements of the Parent Company, advantage has been taken of the following disclosure exemptions available to qualifying entities:

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraph 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A; and
- the requirements of Section 33 Related Party Disclosure paragraphs 33.7.

1.3 Going concern

The Group currently has net assets of £532,000 (2021: net liabilities of £7,956,000) as a result of accounting for the fair value of interest rate swap agreements, the majority of which do not crystallise as liabilities for a number of years. As such, the Group's forecasts and projections, taking account of the impact of swaps and reasonably possible changes in trading performance, show that it should be able to operate within the level of its current facilities and continue to meet forecast loan covenants.

During the year the Group has undertaken a review, in collaboration with the sole customer, of the historic billing position. Whilst the review remains ongoing at the balance sheet date full resolution was achieved by the date of signing of the financial statements. The directors confirm that the outcome of the review has not negatively affected the Company's forecasted cash flows. For these reasons, the directors have prepared the financial statements on a going concern basis.

After making enquiries, the directors have a reasonable expectation that the Group 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.

ROEHAMPTON HOSPITAL HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

1. Accounting policies (continued)**1.4 Finance debtor**

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

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

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

1.5 Revenue

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

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

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

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

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

ROEHAMPTON HOSPITAL HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

1. Accounting policies (continued)**1.6 Current and deferred taxation**

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

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

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

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

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

1.7 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

1.8 Debtors

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

1.9 Cash and cash equivalents

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

1.10 Creditors

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

ROEHAMPTON HOSPITAL HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

1. Accounting policies (continued)

1.11 Finance costs

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

1.12 Dividends

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

1.13 Amortisation of issue costs

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

1.14 Lifecycle costs

Provisions are made in respect of life cycle maintenance to the extent that the group is obliged to undertake maintenance in future periods. The result is to spread the total anticipated contractual cost over the course of the concession; this accounting policy, applied prior to the date of FRS102 transition has been continued in accordance with the grandfathering of the wider service concession accounting as noted in section 1.4.

1.15 Interest receivable and interest payable

Interest receivable and Interest payable

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

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

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

ROEHAMPTON HOSPITAL HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

1. Accounting policies (continued)**1.16 Impairment excluding deferred tax assets***Financial assets (including trade and other debtors)*

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

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

1.17 Basic financial instruments*Trade and other debtors / creditors*

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

Interest-bearing borrowings classified as basic financial instruments

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

Cash and cash equivalents

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

1.18 Financial instruments

In accordance with the requirements of FRS 102.22, financial instruments issued by the group are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the group to deliver cash or other financial assets or

ROEHAMPTON HOSPITAL HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

1. Accounting policies (continued)

1.18 Financial instruments (continued)

to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the group; and

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

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

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

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

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

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

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

ROEHAMPTON HOSPITAL HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

1. Accounting policies (continued)**1.18 Financial instruments (continued)**

Derivatives, including interest rate swaps, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate, except for hedging instruments in a designated hedging relationship that qualify for hedge accounting, where the resulting gain or loss is recognised as described in section 1.13 below.

1.19 Hedge accounting

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

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

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

Key sources of estimation uncertainty

Financial Asset Interest Rate - The financial asset interest income is based on the weighted average cost of capital of the project and is applied to the carrying value of the Financial Asset on a quarterly basis. The interest rate used is 6.30% (2021: 6.30%) per annum.

Construction Margin – revenue on construction is recognised at cost plus 0.5% (2021: 0.5%) as profitability is considered to be low with no interim services provided during construction.

Operating Margin – revenue on facilities management and other operating costs is recognised at cost plus 34.06% (2021: 29.89%) as considered comparable across the market and in line with the reliability at which operating costs can be estimated across the concession.

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

Fair value of RPI swap - The fair value of the RPI swap is determined by reference to mark-to-market valuations. A deferred tax asset is recognised on this fair value at 25% (2021: 25%).

There are no other key sources of estimation uncertainty.

ROEHAMPTON HOSPITAL HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

3. Turnover

All turnover is attributable to the principal activity of the Group.

An analysis of turnover by class of business is as follows:

	2022	<i>2021</i>
	£000	<i>£000</i>
Operation revenue	14,743	<i>11,202</i>
Pass through revenue	1,398	<i>1,359</i>
	<u>16,141</u>	<u><i>12,561</i></u>

All turnover arose within the United Kingdom.

4. Operating profit

The operating profit is stated after charging auditor's remuneration of £21,400 (2021 - £17,300) in respect of audit services.

5. Directors' remuneration

	2022	<i>2021</i>
	£000	<i>£000</i>
Directors' emoluments	172	<i>169</i>
	<u>172</u>	<u><i>169</i></u>

None of the Directors received emoluments directly from the group (2021: £Nil). A payment is made for the services of the non-executive directors to their employer.

No staff are directly employed by the Group (2021: none).

ROEHAMPTON HOSPITAL HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

6. Interest receivable

	2022	<i>2021</i>
	£000	<i>£000</i>
Finance debtor interest receivable	2,846	<i>2,973</i>
Amortisation of issue costs	57	<i>60</i>
Bank interest receivable	67	<i>-</i>
	2,970	<i>3,033</i>

7. Interest payable and similar expenses

	2022	<i>2021</i>
	£000	<i>£000</i>
Bank interest payable	3,655	<i>3,598</i>
Interest on mezzanine bank loan	118	<i>107</i>
Interest on loans from shareholders	382	<i>382</i>
	4,155	<i>4,087</i>

8. Taxation

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

	2022	<i>2021</i>
	£000	<i>£000</i>
Corporation tax		
Current tax on profits for the year	489	<i>294</i>
Total current tax	489	<i>294</i>

ROEHAMPTON HOSPITAL HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

8. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is the same as (2021 - *higher than*) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022	2021
	£000	£000
Profit on ordinary activities before tax	2,445	1,494
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	465	284
Effects of:		
Difference in tax rates	-	(63)
Expenses not deductible for tax purposes	203	73
Deferred tax adjustments	(179)	-
Total tax charge for the year	489	294

Factors that may affect future tax charges

Following the March 2021 Budget, plans were announced to increase the UK corporation tax rate to 25% effective 1 April 2023. The deferred tax asset at 31 December 2021 has been calculated using a rate of 25%.

ROEHAMPTON HOSPITAL HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

9. Fixed asset investments**Company**

	Investments in subsidiary company £000
Cost or valuation	
At 1 October 2021	50
At 30 September 2022	<u>50</u>

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Registered office	Class of shares	Holding
Roehampton Hospital Limited	3rd Floor (South Building), 200 Aldersgate Street, London, EC1A 4HD	A - Ordinary	100%

ROEHAMPTON HOSPITAL HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

10. Debtors

	Group 2022 £000	<i>Group 2021 £000</i>	Company 2022 £000	<i>Company 2021 £000</i>
Due after more than one year				
Amounts owed by group undertakings	-	-	3,275	3,275
Finance debtor	60,764	61,105	-	-
Deferred Taxation	4,419	6,597	-	-
	<u>65,183</u>	<u>67,702</u>	<u>3,275</u>	<u>3,275</u>

Amounts owed by group undertakings are due on demand and interest free.

	Group 2022 £000	<i>Group 2021 £000</i>	Company 2022 £000	<i>Company 2021 £000</i>
Due within one year				
Trade debtors	5,379	5,067	-	-
Other debtors	360	342	-	-
Corporation tax repayable	-	105	-	-
Prepayments and accrued income	66	68	-	-
Finance debtor	2,575	2,423	-	-
	<u>8,380</u>	<u>8,005</u>	<u>-</u>	<u>-</u>

ROEHAMPTON HOSPITAL HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

11. Creditors: Amounts falling due within one year

	Group	<i>Group</i>	Company	<i>Company</i>
	2022	<i>2021</i>	2022	<i>2021</i>
	£000	<i>£000</i>	£000	<i>£000</i>
Bank loans	2,087	<i>2,165</i>	-	-
Subordinated loans	163	<i>149</i>	-	-
Arrangement fees	55	<i>57</i>	-	-
Trade creditors	1,979	<i>2,907</i>	-	-
Corporation tax	146	-	-	-
Other taxation and social security	513	<i>367</i>	-	-
Cash flow hedge - RPI swap	904	<i>393</i>	-	-
Accruals and deferred income	5,848	<i>4,614</i>	-	-
Cash flow hedge - Interest rate swap	495	<i>2,430</i>	-	-
	12,190	<i>13,082</i>	-	-

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

ROEHAMPTON HOSPITAL HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

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

	Group 2022 £000	<i>Group 2021 £000</i>	Company 2022 £000	<i>Company 2021 £000</i>
Bank loans	46,535	48,622	-	-
Subordinated loans	2,185	2,348	-	-
Arrangement fees	295	349	-	-
Amounts owed to group undertakings	3,275	3,275	3,275	3,275
Cash flow hedge - RPI swap	15,785	11,841	-	-
Cash flow hedge - Interest rate swap	596	11,827	-	-
	<u>68,671</u>	<u>78,262</u>	<u>3,275</u>	<u>3,275</u>

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

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

The Group has unsecured loan stock issued to the current shareholders. The interest rate chargeable on the loan notes was 10.5% per annum to 31 March 2018 and 11.5% thereafter. Interest is paid twice yearly. This loan requires repayment by 31 March 2033.

On 27 May 2022 the Group signed Agreements with its SWAP Providers to transition the floating interest rates from LIBOR (the London Interbank Offered Rate) to SONIA (Sterling Overnight Index Average). The SONIA rate will be determined five business days before the end of each calendar month, with an agreed margin of 0.27662%. The transition will commence on 1 October 2022.

ROEHAMPTON HOSPITAL HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

13. Loans

Analysis of the maturity of loans is given below:

	Group 2022 £000	<i>Group 2021 £000</i>	Company 2022 £000	<i>Company 2021 £000</i>
Amounts falling due within one year				
Bank loans	2,087	2,165	-	-
Subordinated loans	163	149	-	-
Arrangement fees	55	57	-	-
	<u>2,305</u>	<u>2,371</u>	<u>-</u>	<u>-</u>
Amounts falling due 1-2 years				
Bank loans	2,790	2,087	-	-
Subordinated loans	178	163	-	-
Arrangement fees	52	55	-	-
	<u>3,020</u>	<u>2,305</u>	<u>-</u>	<u>-</u>
Amounts falling due 2-5 years				
Bank loans	12,775	10,942	-	-
Subordinated loans	644	588	-	-
Arrangement fees	134	147	-	-
	<u>13,553</u>	<u>11,677</u>	<u>-</u>	<u>-</u>
Amounts falling due after more than 5 years				
Bank loans	30,971	35,594	-	-
Subordinated loans	1,363	1,597	-	-
Due to group companies >1 yr	3,275	3,275	3,275	3,275
Arrangement fees	109	147	-	-
	<u>35,718</u>	<u>40,613</u>	<u>3,275</u>	<u>3,275</u>
	<u>54,596</u>	<u>56,966</u>	<u>3,275</u>	<u>3,275</u>

ROEHAMPTON HOSPITAL HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

14. Financial instruments

	Group 2022 £000'	<i>Group 2021 £000</i>
Financial liabilities		
Derivative financial instruments designated as hedges of variable interest rate risk	(17,780)	<i>(26,491)</i>

Derivative financial instruments designated as hedges of variable interest rate comprise an interest rate swap and an RPI swap respectively. The fair value of the interest rate and RPI swaps has been determined by reference to prices available from the markets on which the instruments involved are traded.

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

Interest rate risk

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

Inflation rate risk

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

Liquidity risk

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

ROEHAMPTON HOSPITAL HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

14. Financial instruments (continued)**2022**

	Carrying amount £000	Total Expected Cash Flows £000	1 year or less £000	1 to 2 years £000	2 to 5 years £000	5 years and over £000
Swap liabilities						
Interest rate swap	1,091	6,708	845	560	2,714	2,589
RPI swap	16,689	15,872	897	1,140	4,480	9,355
	<u>17,780</u>	<u>22,580</u>	<u>1,742</u>	<u>1,700</u>	<u>7,194</u>	<u>11,944</u>

2021

	Carrying amount £000	Total Expected Cash Flows £000	1 year or less £000	1 to 2 years £000	2 to 5 years £000	5 years and over £000
Swap liabilities						
Interest rate swap	14,248	16,171	2,498	2,219	5,638	5,816
RPI swap	12,243	10,826	386	459	2,208	7,773
	<u>26,491</u>	<u>26,997</u>	<u>2,884</u>	<u>2,678</u>	<u>7,846</u>	<u>13,589</u>

ROEHAMPTON HOSPITAL HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

15. Deferred taxation**Group**

	2022	<i>2021</i>
	£000	<i>£000</i>
At beginning of year	6,597	<i>5,564</i>
Charged to other comprehensive income	(2,178)	<i>1,033</i>
At end of year	4,419	<i>6,597</i>

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

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

The deferred tax asset is made up as follows:

	Group	<i>Group</i>
	2022	<i>2021</i>
	£000	<i>£000</i>
Other timing differences	(26)	<i>(26)</i>
Deferred tax on derivative financial instruments	4,445	<i>6,623</i>
	4,419	<i>6,597</i>

ROEHAMPTON HOSPITAL HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

16. Provisions**Group**

	Lifecycle provision £000
At 1 October 2021	4,281
Charged to profit or loss	3,299
Utilised in year	(3,544)
At 30 September 2022	4,036

Provisions are made in respect of lifecycle maintenance to the extent that the Group is obliged to undertake maintenance in future periods.

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

17. Share capital

	2022 £000	2021 £000
Allotted, called up and fully paid		
50,000 (2021 - 50,000) Ordinary shares of £1.00 each	50	50

18. Reserves**Cash flow hedge reserve**

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

ROEHAMPTON HOSPITAL HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

19. Related party transactions

	2022	2022	<i>2021</i>	<i>2021</i>
	Expenditure	Creditor	<i>Expenditure</i>	<i>Creditor</i>
	£000	£000	<i>£000</i>	<i>£000</i>
Aberdeen Infrastructure Finance GP Ltd	137	(1,008)	150	(832)
Sodexo Limited	7,111	(1,411)	6,808	(1,853)
Equitix Healthcare Limited	335	(2,622)	542	(2,129)
	<u>7,583</u>	<u>(5,041)</u>	<u>7,500</u>	<u>(4,814)</u>

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

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

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

20. Controlling party

The directors of the Company do not consider there to be one controlling party. The Group is controlled by its shareholders under the shareholders agreement, with each of the shareholders having equal voting rights:

Equitix Healthcare Limited - 65%
Aberdeen Infrastructure (No.3) Limited - 25%
Sodexo Investment Services Limited - 10%