

COMPANY REGISTRATION NUMBER: 05061060



Ravensbourne Health Services (Holdings) Limited
Annual Report and Consolidated Financial
Statements

31 March 2023



Ravensbourne Health Services (Holdings) Limited

Annual Report and Consolidated Financial Statements

Year Ended 31 March 2023

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Ravensbourne Health Services (Holdings) Limited

Officers and Professional Advisers

The Board of Directors

Stephanie Exell
William Morris
Marta Chojnowska

Company Secretary

Infrastructure Managers Limited

Registered Office

Cannon Place
78 Cannon Street
London
EC4N 6AF

Independent Auditors

Johnston Carmichael LLP
7-11 Melville Street
Edinburgh
EH3 7PE

Bankers

Barclays Bank Plc
1 Churchill Place
London
E14 5HP

Solicitors

CMS Cameron McKenna LLP
Mitre House
160 Aldersgate Street
London
EC1A 4DD

Ravensbourne Health Services (Holdings) Limited

Directors' Report

Year Ended 31 March 2023

The directors present their report and the audited Annual Report and Consolidated Financial Statements of Ravensbourne Health Services (Holdings) Limited ("the Company") for the year ended 31 March 2023.

Principal Activities

The principal activity of the company during the year is that of a holding company for the investment in its subsidiary undertaking. The principal activity of the subsidiary is that of a Private Finance Initiative Concessionaire for the Ravensbourne Health Services Hospital Project, under the terms of a Project Agreement. The Agreement is for a term of 30 years and was entered into with Lewisham & Greenwich NHS Trust (the authority), providing additional facilities at the University Hospital, Lewisham.

Performance Review

The profit for the financial year, after taxation, amounted to £1,322,479 (2022: loss of £119,516).

The profit for the financial year will be transferred to reserves.

The directors are satisfied with the overall performance of the Group and do not foresee any significant change in the Groups activities in the coming financial year.

Latent Defects

Latent defects were identified prior to the expiration period of the guarantee for repairing latent defects of 2 November 2018. As the Constructing Party to the contract, Carillion JM Limited ("CJML") and its Performance Guarantor, Carillion PLC ("Carillion") had entered into compulsory liquidation in January 2018, the project became liable for these repairs.

A programme of works was identified and a plan put in place to ensure these were completed within agreed timescales. A provision was included within the financial statements at 31 March 2018 for £1,763,000, representing the best estimate of the costs of the programme of works to rectify the defects. The main body of works were completed during the year and the provision was fully spent in the year to 31 March 2021. Prior to 31 March 2021 it was identified that further work would be required as a result of a failure within the programme of works previously performed and work has continued during the year ended 31 March 2022 and 31 March 2023 to identify a programme of works to rectify these failures. A provision of £42,525 (2022: £147,618) has been recognised based on known and estimated costs that have been incurred since the year end and up to the date of signing. Defect works were completed ahead of signing and while there may be additional future costs, the provision is materially correct. See note 15 for further detail.

Key Performance Indicators

The performance of the Group from a cash perspective is assessed six monthly by the testing of the covenants of the senior debt provider. The key indicator being the debt service cover ratio. The Group has been performing well and has been compliant, and is forecast to remain compliant with the covenants laid out in the Group loan agreement.

Ravensbourne Health Services (Holdings) Limited

Directors' Report *(continued)*

Year Ended 31 March 2023

Climate Change

The directors recognise that it is important to disclose their view of the impact of climate change on the company. As a holding company, the Company itself does not trade. Through the subsidiary, the Group holds key operational contracts which are long-term and with a small number of known counterparties. In most cases, the cash flows from these contracts can be predicted with reasonable certainty for at least the medium-term. Having considered the Company's and the Group's operations, their contracted rights and obligations and forecast cash flows, there is not expected to be a significant impact upon the Company's or the Group's operational or financial performance arising from climate change.

Going Concern

The Group had liabilities of £11,631,995 as at 31 March 2023 (2022: £18,351,608) and generated a profit for the year then ended of £1,322,479 (2022: a loss of £119,516). This is primarily a result of the Interest rate and RPI swaps, which are significantly out of the money, creating a large liability in the Consolidated Statement of Financial Position. It is not the intention to close out these instruments before their maturity date, therefore there is no impact on the Group's ability to meet its liabilities as they fall due.

The directors have prepared cash flow forecasts covering a period of at least 12 months from the date of approval of these financial statements which indicate that the Company will have sufficient funds to meet its liabilities as they fall due for that period and to operate within the covenants on its borrowings.

The Group was able to meet the financial covenants as at 31 March 2023 and 31 March 2022, and is forecast to meet them for the foreseeable future.

Taking into account reasonable possible risks in operations to the Group, the fact the obligations of the Group's sole customer are underwritten by the Secretary of State for Health, the directors have a reasonable expectation that the Group will be able to settle its liabilities as they fall due to the foreseeable future. It is therefore appropriate to prepare these financial statements on the going concern basis.

Directors

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

Stephanie Exell

William Morris

Marta Chojnowska

(Appointed 1 November 2022)

Ravensbourne Health Services (Holdings) Limited

Directors' Report *(continued)*

Year Ended 31 March 2023

Dividends

Particulars of dividends paid are detailed in note 10 to the financial statements.

Principal Risks and Uncertainties

The Authority is the sole client of the Group but the directors consider that no strategic risk arises from such a small client base since the Secretary of State for Health has underwritten the Authority's obligations under the Project Agreement. Performance risk under the Project Agreement and related contracts are passed on to the service providers and to the building contractor. The obligations of these subcontractors are underwritten either by performance guarantees issued by banks or by parent company guarantees.

The Group is exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due. The most important components of financial risk are credit risk, liquidity risk, interest rate risk and lifecycle risk.

Future Prospects

The Group will continue to provide support to the Health Trust in its operation of the hospital under the PFI scheme.

Financial Instruments

Due to the nature of the Group's business, the financial risks the directors consider relevant to this Group is credit, interest rate, cash flow and liquidity risk. The credit risk is not considered significant as the income is ultimately derived from established public sector counterparties.

Interest rate risk

The financial risk management objectives of the Group are to ensure that financial risks are mitigated by the use of financial instruments. The Group uses interest rate swaps to reduce its exposure to interest rate movements. Financial instruments are not used for speculative purposes.

Cash flow and liquidity risk

Many of the cash flow risks are addressed by means of contractual provisions. The Groups liquidity risk is principally managed through financing the Group by means of long term borrowings.

Climate change risk

The Group has considered whether it is exposed to additional risks as a result of climate change and has not identified any risks that would significantly impact the company. This is primarily due to nature of the operations of the project, where the majority of work is performed by sub-contractors who are responsible for the associated risks. Whilst, the Group is subject to SPV costs through the provision and maintenance of facilities including, for instance, heating systems, the Group's contractual protections are expected to protect the Group from changes in law that result in any longer term pricing risk associated with climate change.

Lifecycle risk

The Company's lifecycle risk is held by the SPV. In order to ensure costs are recorded in the year in which they are incurred, routine monitoring is carried out on lifecycle costs, this compares actual spend to a pre-approved plan.

Ravensbourne Health Services (Holdings) Limited

Directors' Report *(continued)*

Year Ended 31 March 2023

Small Company Provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption. Accordingly, no Strategic Report has to be prepared.

Disclosure of Information to Auditors

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

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

The independent auditors, Johnston Carmichael LLP, are deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

This report was approved by the board of directors on 31 August 2023 and signed by order of the board by:



Mike Forrest on behalf of Infrastructure Managers Limited
Company Secretary

Ravensbourne Health Services (Holdings) Limited

Directors' Responsibilities Statement

Year Ended 31 March 2023

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

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the Annual Report and Consolidated Financial Statements; and
- prepare the Annual Report and Consolidated 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.

Ravensbourne Health Services (Holdings) Limited

Independent Auditor's Report to the Members of Ravensbourne Health Services (Holdings) Limited

Opinion

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

In our opinion the financial statements:

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

Basis for Opinion

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

Conclusions Relating to Going Concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the 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.

Ravensbourne Health Services (Holdings) Limited

Independent Auditor's Report to the Members of Ravensbourne Health Services (Holdings) Limited *(continued)*

Other Information

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

We have nothing to report in this regard.

Opinions on Other Matters Prescribed by the Companies Act 2006

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

- The information given in the 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 our knowledge and understanding of the Group and parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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

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

Ravensbourne Health Services (Holdings) Limited

Independent Auditor's Report to the Members of Ravensbourne Health Services (Holdings) Limited *(continued)*

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 6, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the Directors are responsible for assessing the group's and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the group or parent company or to cease operations, or have no realistic alternative but to do so.

Auditor Responsibilities for the Audit of the Financial Statements

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

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

Extent the Audit Was Considered Capable of Detecting Irregularities, Including Fraud

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

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

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

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

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

Ravensbourne Health Services (Holdings) Limited

Independent Auditor's Report to the Members of Ravensbourne Health Services (Holdings) Limited *(continued)*

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

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

- Management override of controls
- Revenue recognition

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

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

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

Ravensbourne Health Services (Holdings) Limited

Independent Auditor's Report to the Members of Ravensbourne Health Services (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.

Handwritten signature of William King in black ink.

William King (Senior Statutory Auditor)
for and on behalf of Johnston Carmichael LLP

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

31 August 2023

Ravensbourne Health Services (Holdings) Limited

Consolidated Statement of Comprehensive Income

Year Ended 31 March 2023

	Note	2023 £	2022 £
Turnover	4	5,582,610	4,776,833
Cost of sales		(2,282,086)	(1,866,226)
Gross profit		3,300,524	2,910,607
Administrative expenses		(604,620)	(583,856)
Operating profit	5	2,695,904	2,326,751
Interest receivable and similar income	7	2,353,560	2,378,064
Interest payable and similar expenses	8	(3,475,868)	(4,876,350)
Profit/(loss) before taxation		1,573,596	(171,535)
Tax on profit/(loss)	9	(251,117)	52,019
Profit/(loss) for the financial year		<u>1,322,479</u>	<u>(119,516)</u>
Fair value movements on cash flow hedging instruments, net of tax		5,397,134	519,392
Total comprehensive income for the year		<u>6,719,613</u>	<u>399,876</u>

All the activities of the group are from continuing operations.

The notes on pages 18 to 33 form part of these Annual Report and Consolidated Financial Statements.

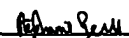
Ravensbourne Health Services (Holdings) Limited

Consolidated Statement of Financial Position

As at 31 March 2023

	Note	2023 £	2022 £
Current assets			
Debtors: amounts falling due within one year	12	6,897,298	3,721,436
Debtors: amounts falling due after more than one year	12	45,865,920	50,248,872
Cash at bank and in hand		5,027,445	6,977,566
		<u>57,790,663</u>	<u>60,947,874</u>
Creditors: amounts falling due within one year	13	<u>(3,789,049)</u>	<u>(4,352,807)</u>
Net current assets		<u>54,001,614</u>	<u>56,595,067</u>
Total assets less current liabilities		<u>54,001,614</u>	<u>56,595,067</u>
Creditors: amounts falling due after more than one year	14	<u>(65,591,084)</u>	<u>(74,799,057)</u>
Provisions for liabilities			
Other provisions	15	<u>(42,525)</u>	<u>(147,618)</u>
Net liabilities		<u>(11,631,995)</u>	<u>(18,351,608)</u>
Capital and reserves			
Called up share capital	18	1,000	1,000
Hedging reserve	19	(12,842,368)	(18,239,502)
Retained earnings/(Accumulated losses)	19	1,209,373	(113,106)
Total shareholders' deficit		<u>(11,631,995)</u>	<u>(18,351,608)</u>

The Financial Statements were approved by the board of directors and authorised for issue on 31 August 2023, and are signed on behalf of the board by:


Stephanie Exell (Aug 31, 2023 09:13 GMT+1)

Stephanie Exell
Director

Company registration number: 05061060

These Financial Statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The notes on pages 18 to 33 form part of these Annual Report and Consolidated Financial Statements.

Ravensbourne Health Services (Holdings) Limited


Company Statement of Financial Position

As at 31 March 2023

	Note	2023 £	2022 £
Fixed assets			
Investments	11	1,000	1,000
Current assets			
Debtors: amounts falling due within one year	12	225,293	225,708
Debtors: amounts falling due after more than one year	12	4,315,387	4,316,543
Cash at bank and in hand		22	—
		<u>4,540,702</u>	<u>4,542,251</u>
Creditors: amounts falling due within one year	13	<u>(225,315)</u>	<u>(225,708)</u>
Net current assets		<u>4,315,387</u>	<u>4,316,543</u>
Total assets less current liabilities		<u>4,316,387</u>	<u>4,317,543</u>
Creditors: amounts falling due after more than one year	14	<u>(4,315,387)</u>	<u>(4,316,543)</u>
Net assets		<u>1,000</u>	<u>1,000</u>
Capital and reserves			
Called up share capital	18	1,000	1,000
Retained earnings/(Accumulated losses)	19		
At beginning of year		—	—
Profit for the year		—	140,506
Dividends paid		—	(140,506)
At end of year		—	—
Total shareholders' funds		<u>1,000</u>	<u>1,000</u>

The profit for the financial year of the parent company was £Nil (2022: £140,506).

The Financial Statements were approved by the board of directors and authorised for issue on 31 August 2023, and are signed on behalf of the board by:


Stephanie Exell (Aug 31, 2023 09:13 GMT+1)

Stephanie Exell
Director

Company registration number: 05061060

The notes on pages 18 to 33 form part of these Annual Report and Consolidated Financial Statements.

Ravensbourne Health Services (Holdings) Limited

Consolidated Statement of Changes in Equity

Year Ended 31 March 2023

	Called up share capital £	Hedging reserve £	Retained earnings/ (Accumulated losses) £	Total £
At 1 April 2021	1,000	(18,758,894)	146,916	(18,610,978)
Loss for the financial year			(119,516)	(119,516)
Other comprehensive income for the year:				
Fair value movements on cash flow hedging instruments, net of tax	–	519,392	–	519,392
Total comprehensive income for the year	–	519,392	(119,516)	399,876
Dividends paid and payable	10	–	(140,506)	(140,506)
Total investments by and distributions to owners	–	–	(140,506)	(140,506)
At 31 March 2022	1,000	(18,239,502)	(113,106)	(18,351,608)
Profit for the financial year			1,322,479	1,322,479
Other comprehensive income for the year:				
Fair value movements on cash flow hedging instruments, net of tax	–	5,397,134	–	5,397,134
Total comprehensive income for the year	–	5,397,134	1,322,479	6,719,613
At 31 March 2023	<u>1,000</u>	<u>(12,842,368)</u>	<u>1,209,373</u>	<u>(11,631,995)</u>

Included in the fair value movement on cash flow hedging instruments is £1,405,116 (2022: £2,612,008) that was recycled through Interest Payable in the Statement of Comprehensive Income.

The notes on pages 18 to 33 form part of these Annual Report and Consolidated Financial Statements.

Ravensbourne Health Services (Holdings) Limited

Company Statement of Changes in Equity

Year Ended 31 March 2023

		Called up share capital £	Retained earnings/ (Accumulated losses) £	Total £
At 1 April 2021		1,000	–	1,000
Profit for the financial year			140,506	140,506
Total comprehensive income for the year		–	140,506	140,506
Dividends paid and payable	10	–	(140,506)	(140,506)
Total investments by and distributions to owners		–	(140,506)	(140,506)
At 31 March 2022		1,000	–	1,000
Result for the financial year			–	–
At 31 March 2023		<u>1,000</u>	<u>–</u>	<u>1,000</u>

The notes on pages 18 to 33 form part of these Annual Report and Consolidated Financial Statements.

Ravensbourne Health Services (Holdings) Limited

Consolidated Statement of Cash Flows

Year Ended 31 March 2023

	Note	2023 £	2022 £
Cash generated from operations	20	1,135,056	4,237,847
Interest paid		(3,439,641)	(4,842,263)
Interest received		2,353,560	2,378,064
Tax paid		(11,416)	(57,300)
Net cash generated from operating activities		<u>37,559</u>	<u>1,716,348</u>
Cash flows from financing activities			
Repayments of borrowings		(1,987,680)	(1,987,680)
Repayments of loans from group undertakings		–	(939,435)
Dividends paid		–	(140,506)
Net cash used in financing activities		<u>(1,987,680)</u>	<u>(3,067,621)</u>
Net decrease in cash and cash equivalents		(1,950,121)	(1,351,273)
Cash and cash equivalents at beginning of year		6,977,566	8,328,839
Cash and cash equivalents at end of year		<u>5,027,445</u>	<u>6,977,566</u>

The notes on pages 18 to 33 form part of these Annual Report and Consolidated Financial Statements.

Ravensbourne Health Services (Holdings) Limited

Notes to the Annual Report and Consolidated Financial Statements

Year Ended 31 March 2023

1. General Information

Ravensbourne Health Services (Holdings) Limited ("the Company") is a private company limited by shares and is registered, incorporated and domiciled in England and Wales. The address of its registered office is Cannon Place, 78 Cannon Street, London, EC4N 6AF.

The principal activity of the company during the year is that of a holding company for the investment in its subsidiary undertaking.

The Company and Group's functional and presentation currency is the pound sterling. Amounts in these financial statements have been rounded to the nearest pound.

2. Statement of Compliance

The financial statements of Ravensbourne Health Services (Holdings) Limited have been prepared in compliance with Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Accounting Policies

(a) Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention, except that the following assets and liabilities are stated at their fair value: derivative financial instruments.

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

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

(b) Going concern

The Group had liabilities of £11,631,995 as at 31 March 2023 (2022: £18,351,608) and generated a profit for the year then ended of £1,322,479 (2022: a loss of £119,516). This is primarily a result of the Interest rate and RPI swaps, which are significantly out of the money, creating a large liability in the Consolidated Statement of Financial Position. It is not the intention to close out these instruments before their maturity date, therefore there is no impact on the Group's ability to meet its liabilities as they fall due.

The directors have prepared cash flow forecasts covering a period of at least 12 months from the date of approval of these financial statements which indicate that the Company will have sufficient funds to meet its liabilities as they fall due for that period and to operate within the covenants on its borrowings.

The Group was able to meet the financial covenants as at 31 March 2023 and 31 March 2022, and is forecast to meet them for the foreseeable future.

Ravensbourne Health Services (Holdings) Limited

Notes to the Annual Report and Consolidated Financial Statements *(continued)*

Year Ended 31 March 2023

3. Accounting Policies *(continued)*

Taking into account reasonable possible risks in operations to the Group, the fact the obligations of the Group's sole customer are underwritten by the Secretary of State for Health, the directors have a reasonable expectation that the Group will be able to settle its liabilities as they fall due in the foreseeable future. It is therefore appropriate to prepare these financial statements on the going concern basis.

(c) Disclosure exemptions

The Company has taken advantage of the following exemptions:

- from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the Company's cash flows.
- including disclosures in respect of financial instruments, on the basis that it is a qualifying entity and the consolidated financial instruments disclosures, included in these financial statements, includes the Company's financial instrument disclosure.

(d) Consolidation

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

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

(e) Judgments and key sources of estimation uncertainty

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

Key sources of estimation uncertainty

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

Ravensbourne Health Services (Holdings) Limited

Notes to the Annual Report and Consolidated Financial Statements *(continued)*

Year Ended 31 March 2023

3. Accounting Policies *(continued)*

Judgments and key sources of estimation uncertainty *(continued)*

i) Accounting for service concession arrangements

Accounting for the service concession contract and finance debtor requires an estimation of service margins, finance debtor interest rates and associated amortisation profile which is based on forecasted results of the service concession contract. Lifecycle costs are a significant proportion of future expenditure. Given the length of the Company's service concession contract, the forecast of lifecycle costs is subject to significant estimation uncertainty and changes in the amount and timing of expenditure could have material impacts. As a result, there is significant level of judgement applied in estimating future lifecycle costs. To reduce the risk of misstatement, future estimates of lifecycle expenditure are prepared by maintenance experts on an asset by asset basis and periodic technical evaluations of the physical condition of the facilities are undertaken. In addition, comparisons of actual expenditure are compared to the lifecycle forecast. If total forecast lifecycle costs were to increase or decrease by 1%, this would not result in a material decrease or increase on profit in the current year.

ii) Hedge accounting and consideration of the fair value of derivative financial instruments

The Group and Company uses derivative financial instruments to hedge certain economic exposures in relation to movements in interest rates and movements in RPI as compared with the position that was expected at the date the underlying transaction being hedged was entered into. The Group and Company fair values its derivative financial instruments and records the fair value of those instruments on its Statement of Financial Position. No market prices are available for these instruments and consequently the fair values are determined by calculating the present value of the estimated future cashflows based on observable yield curves. There is also a judgment on whether an economic hedge relationship exists in order to achieve hedge accounting. Appropriate documentation has been prepared detailing the economic relationship between the hedging instrument and the underlying loan being hedged.

(f) Service concession arrangements

The Agreement is for a term of 30 years and was entered into with Lewisham & Greenwich NHS Trust (the "Authority") to construct, operate and maintain the facilities at the University Hospital, Lewisham. At 31 March 2023 it is in year 17 of the project term.

Operation and maintenance of the facilities are outsourced to a third party (the "Sub-contractor") under contractual arrangements that provide certainty over the level of costs to be incurred by the Company. However, the maintenance risk ultimately lies with the Company. The timing and extent of the major maintenance works is a key assumption that will affect the cashflows of the company, further information is shown in note 3e. The sub-contractor for the Company is Bouygues Energies & Services FM UK Ltd. The base fee per the sub-contractor contract is fixed and allows for an inflationary increase each year.

The unitary charge per the agreement with the Authority is a fixed base fee and allows for an inflationary increase each year.

Under the Agreement, when the actual insurance premiums paid fall under certain thresholds compared to the cost assumptions used during financial close, a saving is realised. The Authority is entitled to a share of those savings, as required under SOPC 4 requirements.

Ravensbourne Health Services (Holdings) Limited

Notes to the Annual Report and Consolidated Financial Statements *(continued)*

Year Ended 31 March 2023

3. Accounting Policies *(continued)*

The Authority is also entitled under the Agreement to voluntarily terminate the contract by providing a six months' written notice to the Group. On termination, the Group is entitled to a termination compensation as defined within the Agreement.

The Group entered into swap agreements with the sole purpose to hedge against the risk of changing interest rates and RPI rates. The purpose of the interest rate hedge is to generate highly certain cash inflows so that the Group can meet its obligations under the terms of its borrowing arrangements. The purpose of the RPI hedge is to limit the cash flow variability to the Group due to changes in inflation. Further information can be found at note 17 (Financial Instruments).

(g) Finance debtor and service income

The Group is an operator of a PFI contract. The Group entered into its service concession arrangement before the date of transition to this FRS. Therefore its service concession arrangements have continued to be accounted for using the same accounting policies being applied at the date of transition to this FRS. The underlying asset is not deemed to be an asset of the Group under old UK GAAP, because the risks and rewards of ownership as set out in that Standard are deemed to lie principally with the Authority.

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. During the operational phase income is allocated between interest receivable and the finance debtor using a project specific interest rate. The remainder of the PFI unitary charge income is included within turnover in accordance with FRS 102 section 23. The Group recognises income in respect of the services provided as it fulfils its contractual obligations in respect of those services and in line with the fair value of the consideration receivable in respect of those services.

Major maintenance costs are recognised on a contractual basis and the revenue in respect of these services is recognised when these services are performed.

(h) 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.

Ravensbourne Health Services (Holdings) Limited

Notes to the Annual Report and Consolidated Financial Statements *(continued)*

Year Ended 31 March 2023

3. Accounting Policies *(continued)*

(i) Income tax

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

Current or deferred taxation assets and liabilities are not discounted.

i) Current tax

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

ii) Deferred tax

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

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

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

(j) Cash and cash equivalents

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

Cash at bank includes £84,262 (2022: £3,596,059) and other debtors include £3,416,890 (2022: £nil) restricted from use in the business held in the Group's reserve accounts under the terms of the Credit Agreement.

(k) Borrowings

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

Ravensbourne Health Services (Holdings) Limited

Notes to the Annual Report and Consolidated Financial Statements *(continued)*

Year Ended 31 March 2023

3. Accounting Policies *(continued)*

(l) Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

(m) Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

(n) Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

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

Debt instruments are subsequently measured at amortised cost.

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

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

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

Ravensbourne Health Services (Holdings) Limited

Notes to the Annual Report and Consolidated Financial Statements *(continued)*

Year Ended 31 March 2023

3. Accounting Policies *(continued)*

Financial instruments *(continued)*

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

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

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

(o) Hedge accounting

The Group has entered into an arrangement with third parties that is designed to hedge future cash flows arising on variable rate interest loan arrangements, with the net effect of exchanging the cash flows arising under those arrangements for a stream of fixed interest cash flows ("interest rate swaps"). The Group has also entered into an arrangement with third parties that is designed to hedge future cash receipts arising from its principal activity (RPI swaps). The Group has designated that this arrangement is a hedge of another (non-derivative) financial instrument, to mitigate the impact of potential volatility on the Group's net cash flows.

To qualify for hedge accounting, documentation is prepared specifying the hedging strategy, the component transactions and methodology used for effectiveness measurement. Changes in the carrying value of financial instruments that are designated and effective as hedges of future cash flows ("cash flow hedges") are recognised directly in a hedging reserve in equity and any ineffective portion is recognised immediately in the statement of comprehensive income. Amounts deferred in equity in respect of cash flow hedges are subsequently recognised in the Statement of Comprehensive Income in the same period in which the hedged item affects net profit or loss or the hedging relationship is terminated and the underlying position being hedged has been extinguished.

4. Turnover

Turnover arises from:

	2023	2022
	£	£
Rendering of services	5,520,596	4,719,506
Other income	62,014	57,327
	<u>5,582,610</u>	<u>4,776,833</u>

Ravensbourne Health Services (Holdings) Limited

Notes to the Annual Report and Consolidated Financial Statements *(continued)*

Year Ended 31 March 2023

4. Turnover *(continued)*

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

5. Operating Profit

Operating profit or loss is stated after charging:

	2023 £	2022 £
Fees payable for the audit of the annual report and consolidated financial statements	<u>34,050</u>	<u>15,000</u>

Audit fees payable to Johnston Carmichael LLP.

6. Particulars of Employees and Directors

The average number of persons employed by the Group during the financial year, including the directors, amounted to nil (2022: nil). The directors did not receive any remuneration from the Company during the year (2022: £nil).

During the year the Group was invoiced £106,778 (2022: £98,708) by Infrastructure Investments General Partner Limited, a related entity, for qualifying services by three directors. £nil (2022: £nil) was outstanding at the year end.

7. Interest Receivable and Similar Income

	2023 £	2022 £
Interest on cash and cash equivalents	130,376	1,466
Finance debtor interest receivable	2,220,396	2,376,598
Other interest receivable	2,788	—
	<u>2,353,560</u>	<u>2,378,064</u>

8. Interest Payable and Similar Expenses

	2023 £	2022 £
Interest on bank loans and overdrafts	2,986,641	3,190,077
Interest due to Group undertakings	452,607	1,686,273
Other interest payable and similar expenses	36,620	—
	<u>3,475,868</u>	<u>4,876,350</u>

Ravensbourne Health Services (Holdings) Limited

Notes to the Annual Report and Consolidated Financial Statements *(continued)*

Year Ended 31 March 2023

9. Tax on Profit

Major components of tax expense

	2023 £	2022 £
Current tax:		
UK current tax expense	126,573	82,731
Adjustments in respect of prior periods	37,516	62
Total current tax	<u>164,089</u>	<u>82,793</u>
Deferred tax:		
Origination and reversal of timing differences	87,028	(134,812)
Tax on profit	<u>251,117</u>	<u>(52,019)</u>

Reconciliation of tax expense/(income)

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

	2023 £	2022 £
Profit/(loss) before taxation	<u>1,573,596</u>	<u>(171,535)</u>
Profit/(loss) before taxation by rate of tax	298,983	(32,592)
Adjustment to tax charge in respect of prior periods	37,516	62
Other timing differences	(62,433)	24,347
Effect of changes in tax rates	<u>(22,949)</u>	<u>(43,836)</u>
Total tax charge/(credit)	<u>251,117</u>	<u>(52,019)</u>

Factors that may affect future tax expense

Corporation tax will remain at 19% until 31 March 2023. From 1 April 2023 the main rate will increase to 25% for business profits made by the Group over £250,000. A small profit rate (SPR) will also be introduced for companies with profits of £50,000 or less so that they will continue to pay corporation tax at 19%. Companies with profits between £50,000 and £250,000 will pay tax at the main rate reduced by a marginal relief providing a gradual increase in the effective corporation tax rate. The Group has assessed the impact of this change and consider the full rate of 25% will apply.

There is a deferred tax asset relating to the interest rate derivative, calculated at 25%, which will unwind over the term of the hedging arrangement. All movements in the deferred tax have been recognised in other comprehensive income.

10. Dividends

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2023 £	2022 £
Dividend of £nil per share (2022: £140.51 per share)	<u>—</u>	<u>140,506</u>

Ravensbourne Health Services (Holdings) Limited

Notes to the Annual Report and Consolidated Financial Statements *(continued)*

Year Ended 31 March 2023

11. Investments

The group has no investments.

Company	Shares in Group undertakings £
Cost	
At 1 April 2022 and 31 March 2023	<u>1,000</u>
Impairment	
At 1 April 2022 and 31 March 2023	<u>—</u>
Carrying amount	
At 1 April 2022 and 31 March 2023	<u>1,000</u>
At 31 March 2022	<u>1,000</u>

The Company owns 100% of the issued share capital (ordinary shares) of Ravensbourne Health Services Limited, whose registered office is Cannon Place, 78 Cannon Street, London, EC4N 6AF.

	2023 £	2022 £
Aggregate capital and reserves	(11,631,995)	(18,351,608)
(Loss)/Profit for the year	1,322,479	(119,516)

The directors acknowledge the investment is in net liabilities, the cause of this is due to the derivative financial instruments being significantly out of the money. The directors have reviewed the investments forecasts and projections and have reasonable expectation that no impairment indicators exist and the investment will continue in operation existence for the foreseeable future.

12. Debtors

Debtors amounts falling due within one year are as follows:

	Group		Company	
	2023 £	2022 £	2023 £	2022 £
Trade debtors	1,071,684	1,256,019	—	—
Amounts owed by Group undertakings	—	—	225,293	225,708
Prepayments and accrued income	46,841	26,274	—	—
Corporation tax repayable	66,727	143,997	—	—
Finance Debtor	2,295,156	2,295,146	—	—
Other debtors	3,416,890	—	—	—
	<u>6,897,298</u>	<u>3,721,436</u>	<u>225,293</u>	<u>225,708</u>

Ravensbourne Health Services (Holdings) Limited

Notes to the Annual Report and Consolidated Financial Statements (continued)

Year Ended 31 March 2023

12. Debtors (continued)

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

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Amounts owed by Group undertakings	–	–	4,315,387	4,316,543
Deferred tax asset	4,376,410	6,262,482	–	–
Finance Debtor	28,895,750	31,190,945	–	–
Unitary Charge Control Account	12,593,760	12,795,445	–	–
	<u>45,865,920</u>	<u>50,248,872</u>	<u>4,315,387</u>	<u>4,316,543</u>

The movement in the finance debtor is analysed as follows:

	2023	2022
	£	£
At beginning of year	33,486,091	35,781,250
Amortisation	(2,295,185)	(2,295,159)
At end of year	<u>31,190,906</u>	<u>33,486,091</u>

Company

The amounts owed by Group undertakings within one year relates to accrued interest on loan notes of £225,315 (2022: £225,708) less £22 due to the subsidiary, Ravensbourne Health Services Limited, in relation to historic bank transactions. The balance is non interest bearing and repayable on demand.

The amounts owed by Group undertakings greater than one year represent Unsecured Loan Notes which bear interest at 10% and fall for repayment in 2034.

13. Creditors: amounts falling due within one year

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Bank loans and overdrafts	2,010,753	1,950,020	–	–
Trade creditors	642,540	689,282	–	–
Amounts owed to Group undertakings	225,315	225,708	225,315	225,708
Accruals and deferred income	542,419	1,113,667	–	–
Taxation and social security	368,022	374,130	–	–
	<u>3,789,049</u>	<u>4,352,807</u>	<u>225,315</u>	<u>225,708</u>

Group and Company

The amounts owed to Group undertakings relates to accrued interest on loan notes of £225,708 (2021: £272,729). The balance is unsecured, bears no interest and is repayable on demand.

Included within Accruals and deferred income is a balance of £53,389 (2022: £98,708) relating to fees payable to the shareholders for the provision of directors' services.

The bank loans are stated net of debt issue costs of £33,675 (2022: £37,119).

Ravensbourne Health Services (Holdings) Limited

Notes to the Annual Report and Consolidated Financial Statements *(continued)*

Year Ended 31 March 2023

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

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Bank loans and overdrafts	44,152,539	46,163,177	–	–
Amounts owed to Group undertakings	4,315,387	4,316,543	4,315,387	4,316,543
Derivative financial liability	17,123,158	24,319,337	–	–
	<u>65,591,084</u>	<u>74,799,057</u>	<u>4,315,387</u>	<u>4,316,543</u>

Included within creditors: amounts falling due after more than one year is an amount of £37,075,825 (2022: £40,635,336) in respect of liabilities payable or repayable by instalments which fall due for payment after more than five years from the reporting date.

Group

The bank loan bears interest at SONIA plus 0.85% per annum. The loan is repaid in six monthly instalments commencing September 2007 until March 2035.

The Group has completed negotiations with lender, effective from 24 March 2022, to replace the LIBOR reference in the loan and swap agreements with SONIA, adjusted for a historic credit adjustment of 0.2766% per annum.

The bank loans and amounts owed to group undertakings are stated net of debt issue costs of £556,919 (2022: £590,094).

The Group's secured creditors have the benefit of first ranking charges granted by the Group over the whole of its investments, undertaking, property, assets, insurances and rights under certain contracts, both present and future, together with a first ranking charge over all of the ordinary shares of the Group and the Group's subordinated loan stock.

Amounts owed to Group undertakings include Unsecured Loan Notes issued on 7 July 2004, these Loan Notes total £7,500,000 on issue and are unsecured. Interest is payable on the Loan Notes at 10% per annum and this loan falls due for repayment in full in 2035.

Company

On 7 July 2004 the Company and Ravensbourne Health Services Limited created £7,500,000 unsecured Loan Notes 2034, constituted under Deed Polls entered into on the same date.

Under the terms of an Equity Subscription Agreement dated 7 July 2004, the company's shareholders have subscribed for Loan Stock of Ravensbourne Health Services (Holdings) Limited of £7,500,000. Ravensbourne Health Services (Holdings) Limited has in turn subscribed for £7,500,000 Loan Stock of Ravensbourne Health Services Limited. The proceeds of the stock issue are being used by the group to finance its obligations under its Project Agreement with the Lewisham & Greenwich NHS Trust.

Interest is payable on the Loan Notes at 10% per annum. The principal falls due for payment in 2035.

Ravensbourne Health Services (Holdings) Limited

Notes to the Annual Report and Consolidated Financial Statements *(continued)*

Year Ended 31 March 2023

15. Provisions for Liabilities

Group	Other provision £
At 1 April 2022	147,618
Charge against provision	(105,093)
At 31 March 2023	<u>42,525</u>

The Company does not have any provisions.

Group

During the year to 31 March 2018, a number of latent defects were identified with the original construction. As the Construction Party to the contract, CJML and its Performance Guarantor, Carillion, had entered into compulsory liquidation in January 2018, the project became liable for these repairs. A programme of works was identified and the main body of these works were completed in the year ending 31 March 2021. Prior to 31 March 2021 it was identified that further work would be required as a result of a failure within the programme of works previously performed and work has continued during the year ended 31 March 2022 and 31 March 2023 to identify a programme of works to rectify these failures. A provision has been recognised based on known and estimated costs that have been incurred since the year end up to and to the date of signing. Defect works were completed ahead of signing and while there may be additional future costs, the provision is materially correct.

16. Deferred Tax

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

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Included in debtors (note 12)	<u>4,376,410</u>	<u>6,262,482</u>	<u>-</u>	<u>-</u>

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

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Accelerated capital allowances	934	1,139	-	-
Unused tax losses	166,544	270,526	-	-
Derivative financial instruments	4,280,790	6,079,834	-	-
Short term timing differences	(71,858)	(89,017)	-	-
	<u>4,376,410</u>	<u>6,262,482</u>	<u>-</u>	<u>-</u>

Ravensbourne Health Services (Holdings) Limited

Notes to the Annual Report and Consolidated Financial Statements *(continued)*

Year Ended 31 March 2023

16. Deferred Tax *(continued)*

The deferred tax asset expected to reverse in 2024 is £53,933. This primarily relates to the reversal of timing differences on capital allowances and short term timing differences.

	2023
	£
Opening balance	6,262,482
Movement through the profit or loss	(87,028)
Movement through other comprehensive income	(1,799,044)
Closing balance	<u>4,376,410</u>

17. Financial Instruments

Hedge accounting

Derivatives are financial instruments that derive their value from the price of an underlying item, such as interest rates or other indices. The Group's use of derivative financial instruments is described below.

Interest rate swaps

On 7 July 2004 the Group entered into two interest rate swaps with third parties for the notional amount as all of the Group's variable rate borrowings with banks which has the commercial effect of swapping the variable rate interest coupon on those loans for a fixed rate coupon of 5.37%. The bank loans and related interest rate swaps amortise at the same rate over the life of the loan/swap arrangements. Cash flows on both the loan and the interest rate swaps are paid semi-annually on 31 March and 30 September each year and expire on 31 October 2034.

The directors believe that the hedging relationship between the interest rate swaps and related variable rate bank loans meet the criteria set out in FRS 102 section 12.18 and as a consequence have concluded that these derivatives meet the definition of a cash flow hedge and have formally designated them as such.

RPI swaps

On 7 July 2004 the Group also entered into two arrangements with third parties for the purpose of exchanging the vast majority of variable cash inflows arising from the operation of the Group's service concession asset in exchange for a pre-determined stream of cash inflows from these third parties. These arrangements meet the definition to be classified as derivative financial instruments.

Under the terms of the project agreements, the Group is permitted to charge its principal customer, The Lewisham and Greenwich NHS Trust, an agreed amount for the services it provides. This amount is uplifted each year commencing 1 April using the current RPI for February against the base date RPI. These derivative arrangements (RPI swaps) have the effect of exchanging variable cash inflows (impacted by changes in RPI) in exchange for a known and predetermined stream of cash flows expected to arise over the same period. Cash flows on the revenue is received on a monthly basis whilst cash flows on the RPI swaps are paid on a semi-annual basis on 31 March and 30 September each year and expire on 2 November 2036.

Ravensbourne Health Services (Holdings) Limited

Notes to the Annual Report and Consolidated Financial Statements *(continued)*

Year Ended 31 March 2023

The directors believe that the use of these RPI swaps is consistent with the Group's risk management objective and strategy for undertaking these hedges. The vast majority of the Group's cash outflows relate to borrowings (after interest rate swaps - see above) that carry a fixed coupon so that both the principal repayments, and coupon payments (after interest rate swaps - see above) are predetermined. The purpose of these hedges is to generate highly certain cash inflows so that the Company can meet its obligations under the terms of its borrowing arrangements.

The directors believe that the hedging relationship meet the criteria set out in FRS 102 section 12.18 and that the forecast cash inflows are highly probable and as a consequence have concluded that the RPI swap derivatives meet the definition of a cash flow hedge and have formally designated them as such.

Carrying value of all derivative financial instruments

All of the Group's derivative financial instruments are carried at fair value. The net carrying value of all derivative financial instruments at 31 March 2023 amounted to net liabilities of £17,123,158 (2022: £24,319,337) comprising liabilities of £12,788,474 for RPI swaps (2022: £12,492,413) and liabilities of £4,334,684 for interest rate swaps (2022: £11,826,924). The effective portion of the movements in the fair value of these derivative financial instruments have been recorded in the cash flow hedge reserve amounting to a debit of £7,196,179 (2022: credit of £1,160,208). There is no ineffective portion.

The UK Financial regulator (the FCA) legislated that sterling LIBOR would cease to be published after 31 December 2021. As described at Note 14, the Company's borrowings and hedge agreements have historically been linked to LIBOR.

The Group completed negotiations with the lender, effective from 24 March 2022, to agree an amendment to both the loan and swap agreement to provide for the replacement of LIBOR, with an interest rate based on the Compounded Reference Rate. The Compounded Reference rate will be SONIA (sterling overnight index average) plus a 5 day credit adjustment spread of 0.2766% per annum. The use of the same LIBOR replacement rate for both the loan and swap agreement means that the LIBOR Transition Amendments are materially net cash neutral for the company and that the current hedge effectiveness continues.

18. Called Up Share Capital

Issued, called up and fully paid

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

19. Reserves

Hedging reserve - This reserve records fair value movements on cash flow and net investment hedging instruments.

Retained earnings/(Accumulated losses) - This reserve records retained earnings and accumulated losses.

Ravensbourne Health Services (Holdings) Limited

Notes to the Annual Report and Consolidated Financial Statements *(continued)*

Year Ended 31 March 2023

20. Cash Generated from Operations

	2023 £	2022 £
Profit/(loss) for the financial year	1,322,479	(119,516)
<i>Adjustments for:</i>		
Interest receivable and similar income	(2,353,560)	(2,378,064)
Interest payable and similar expenses	3,475,868	4,876,350
Tax on profit	251,117	(52,019)
<i>Changes in:</i>		
Trade and other debtors	(756,252)	2,623,817
Trade and other creditors	(699,503)	(860,339)
Provisions and employee benefits	(105,093)	147,618
	<u>1,135,056</u>	<u>4,237,847</u>

21. Analysis of Changes in Net Debt

	At 1 Apr 2022 £	Cash flows £	Non-cash movements £	At 31 Mar 2023 £
Cash at bank and in hand	6,977,566	(1,950,121)	–	5,027,445
Debt due within one year	(2,175,728)	2,213,680	(2,274,020)	(2,236,068)
Debt due after one year	(50,479,720)	227,000	1,784,794	(48,467,926)
	<u>(45,677,882)</u>	<u>490,559</u>	<u>(489,226)</u>	<u>(45,676,549)</u>

22. Related Party Transactions

Company

The Company is wholly owned by Infrastructure Investments (Portal) Limited Partnership and Infrastructure Investments (Portal) Limited and has taken advantage of the exemption in section 33 of FRS 102 'Related Party Disclosures', that allows it not to disclose transactions with wholly owned members of a group.

Details of balances outstanding with wholly owned members of the Group at the year end can be found in notes 12, 13 and 14. Details of fees payable to the shareholders for the provision of directors' services during the year can be found in note 6.

23. Controlling Party

The Company is jointly owned by Infrastructure Investments (Portal) Limited Partnership and Infrastructure Investments (Portal) Limited, both registered at One Bartholomew Close, Barts Square, London, England, EC1A 7BL.

The ultimate parent undertaking is HICL Infrastructure Plc, a company listed on the London Stock Exchange and registered at One Bartholomew Close, Barts Square, London, England, EC1A 7BL.










RavensbourneHC_230331_StatAccs

Final Audit Report

2023-08-31

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