Company Registration No. 05462494 (England and Wales)

CAPITAL HOSPITALS (ISSUER) PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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CAPITAL HOSPITALS (ISSUER) PLC

COMPANY INFORMATION

Directors	Mr T Pearson	
	Mrs G Birley-Smith	
	Ms J Acred	
	Ms J Fegan	
	Mr P Bannister	
	Mr L J Falero	
	Ms S Sidhu	(Appointed 1 January 2019)
	Mr J F Dingle	(Appointed 31 December 2019)
	Ms J Acred is a non-executive director.	
Secretary	HCP Social Infrastructure (UK) Limited	
Company number	05462494	
Registered office	8 White Oak Square London Road Swanley Kent BR8 7AG	
Auditor	KPMG LLP 66 Queen Square Bristol BS1 4BE	

CAPITAL HOSPITALS (ISSUER) PLC

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CAPITAL HOSPITALS (ISSUER) PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present the strategic report for the year ended 31 December 2019.

Fair Review of the Business
On 27 April 2006 the Company issued 1.703% Index Linked Guaranteed Secured Bonds due 2046 at a nominal value of £745,400,000, drew down sums from the European Investment Bank under two £125,000,000 loan facilities and issued 10.5% mezzanine notes at a value of £20,000,000. These sums were immediately on-lent of the same terms to the Company's fellow subsidiary, Capital Hospitals Limited, pursuant to a proceeds on-loan agreement.

The principal activity of Capital Hospitals Limited is to design, build, finance, maintain and deliver certain non-clinical services to the Barts and Royal London Hospitals in accordance with a forty two year contract (the "Project Agreement") with the Barts and The London NHS Trust. Contract negotiations were successfully completed on 27 April 2006 and construction commenced immediately. Barts and The London NHS Trust merged with Newham University Hospital NHS Trust and Whipps Cross University Hospital NHS Trust on 1 April 2013 to become the Barts Health NHS Trust (the "Trust"). On 29 March 2016 the project reached "Actual Global Completion" when the final construction phase was handed over. From this point 100% of the unitary charge was invoiced to the Trust.

The directors do not foresee any change in the activities of the Company.

Principal Risks and Uncertainties
The Company has exposures to a variety of financial risks which are managed with the purpose of minimising any potential adverse effect on the Company's performance. The directors have policies for managing each of these risks and they are summarised below:

Sole client
During the operational phase the principal source of funds available to the Company's fellow subsidiary, Capital Hospitals Limited, to meet its liabilities under the on-loan agreements will be the unitary charge received from the Trust under the Project Agreement. The Trust is the sole client of Capital Hospitals Limited, but the directors consider that no risk arises from a single client base since the Secretary of State for Health has undertaken to support the Trust's obligations.

Brexit
The risks from Brexit are a result of the risk it poses to the sub-contracted service providers, rather than the company itself. This is therefore linked to the service performance and service provider failure risks discussed above. The company is insulated from these risks because non-performance will result in deductions being passed down to the service providers, however, there remains a risk that in extreme circumstances nonperformance may result in the Trust having the right to terminate the Project Agreement.

The service providers have performed a review of their respective exposure to Brexit. The relevant concerns relate to spare parts, materials and EU labour, with primary concerns revolving around delays in delivery and increased transportation costs of those supplies which come from the EU.

While there will likely be some disruption, each service provider has a strategy in place to keep this to a minimum. This will result in higher costs to the service providers; however, this will not impact the company itself. The company is comfortable that the increased costs and disruption will not threaten the services providers to such an extent as to put the project at risk.

To date the company has not experienced any significant disruption as a result of Brexit.

COVID 19

The Company is exposed to the COVID-19 risk as a result of the inherent uncertainty around the impact of the pandemic on UK society and economy. Whilst the Company itself is not considered to be significantly exposed, subcontractors which it engages with are considered to have exposure in relation to labour and the ability to continue to perform required services. The Company is aware of the Government guidance for public bodies on payment to suppliers to ensure service continuity during and after the coronavirus outbreak, which provides additional assurance. Nevertheless, 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. Due to the evolving nature of the risk, the Board continue to actively monitor developments.

Going Concern

The Directors have prepared cash flow forecasts which indicate that, taking account of severe but plausible downsides, the Company will have sufficient funds to meet its liabilities as they fall due. Further information of the Directors' assessment including the consideration of the impact of COVID-19 is contained within note 1.2.

Taking into account reasonable possible risks in operations to the Company, the fact the obligations of the Company's sole customer are underwritten by the Secretary of State for Health, the Directors have a reasonable expectation that the Company 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.

Analysis of Development and Performance

Financial covenants have been met during the year and having considered the anticipated future performance and position of the Company, the directors are of the opinion that the covenants will continue to be met in the future.

During the year, the Company has received all scheduled receipts in respect of its on-loan to Capital Hospitals Limited and has repaid £29,679,000 in respect of the Index Linked Secured Guaranteed Bonds (the "Bonds") and £12,140,000 of the bank debt. In the previous financial year, the Company repaid £28,870,000 in respect of the Index Linked Secured Guaranteed Bonds (the "Bonds") and £11,580,000 of the bank debt.

The company made a loss before tax of £4,000, as a result of interest charges (£4,000) being incurred during the year. These charges were incurred as a result of amendments to prior year tax computations due to rules surrounding close companies.

Section 172 Companies Act 2006 Statement
The directors have a duty to promote the success of the company for the benefit of the shareholders as a whole and to describe how this duty has been performed with regard to those matters set out in section 172 of the Companies act 2006 ("section 172").

The directors have identified the company's main stakeholders as the following:

i.The company's shareholders, bondholders and credit provider
Principal considerations of the board are whether the investment objective of the company is meeting shareholder, other credit providers and bondholder expectations and the how the manager implements the objective. These are discussed at all board meetings, which are held regularly throughout the year. The board also attends regular shareholder, credit provider and bondholder briefing meetings to ensure that shareholder and bondholder engagement is optimized.

The bonds are secured by an irrevocable financial guarantee policy issued by Assured Guaranty (Europe) Limited (50%) and Ambac Assuance UK Limited (50%). The index-linked bank loan, provided by European Investment Bank, is secured by an irrevocable and unconditional financial guarantee issued by Assured Guaranty (Europe) Limited (50%) and Ambac Assurance UK Limited (50%) respectively. The board regularly discusses the obligations under this policy and how the manager is fulfilling these at board meetings and through engagement with the senior management of the manager. The board frequently engages with all credit providers and keeps them updated on matters as required.

ii. The client
The board recognises the importance of working in partnership with its public sector client to successfully deliver a key public infrastructure asset. On behalf of the company, the manager fosters this partnership through regular meetings with the client representative and other key managers. The manager provides regular monthly reporting to the public sector client on the performance of its obligations under the PFI arrangement. Periodically the directors will also meet with the public sector client to discuss key service delivery matters.

iii. The service providers
On behalf of the company, the manager seeks to maintain a constructive relationship with the service providers by meeting regularly. The service provider reports provided to the company contain service provision information and relevant information about the performance of the PFI contract. These reports are reviewed by both the manager and the board. Periodically the directors will also meet with the service provider to discuss key service delivery matters.

iv. The manager
The delivery by the manager of its services is fundamental to the long term success of the company. The board seeks to engage regularly with the manager through a number of forums, including at board meetings, portfolio briefings and through engagement with the manager's senior leadership team. Regular reporting is provided to the board by the manager, which will alert the board to changes to regulation or market practice, which will inform the board's decision making.

Throughout the year the board has made due consideration during its discussions and decision-making of the matters set out in section 172 and below is a description of how the directors have had regards to these matters when performing their duties:

(a) The likely consequences of any decision in the long term

The company has outsourced the management of the company to HCP Social Infrastructure (UK) Limited ("HCP"), the manager. The delivery by the manager of its services is fundamental to the long term success of the company. The board seeks to engage regularly with the manager through a number of forums, including at board meetings, portfolio briefings and through engagement with the manager's senior leadership team. Regular reporting is provided to the board by the manager, which will alert the board to changes to regulation or market practice, which will inform the board's decision making.

Section 172 Companies Act 2006 Statement (continued)

(b) The interests of the company's employees

As an externally managed company, the company's activities are all outsourced and therefore it does not have any employees. The company does however, pay due regard to the interests and safety of all those engaged by contractors to the company to perform services on its behalf.

(c) The need to foster the company's business relationships with suppliers, customers and others

The company is committed to upholding the underlying principle of PFI of working in partnerships with all parties to the arrangement. As noted above, the company has policies and procedures to ensure regular communication is maintained between the parties and ensure that the supply chain is managed effectively in order that company obligations to it public sector client and service providers can be upheld.

(d) The impact of the company's operations on the community and the environment

The company has very limited direct impact on the environment as it has no greenhouse gas emissions. Notwithstanding that the company is committed to minimizing environmental disruption from its activities. The board upholds the company's environmental policy in all its activities and requires all parties to the arrangement to do the same.

The board recognises that the company it is a key partner in the delivery of public infrastructure and encourages its partners in considering and delivering Environmental, Social and Governance (ESG) values and initiatives to achieve socially responsible investing.

(e) The desirability of the company maintaining a reputation for high standards of business conduct

The company is committed, in its day to day operations and dealings with all affiliates to uphold the highest standard of business conduct and integrity. The directors are not responsible for setting a "business culture" in the traditional sense, but are committed to understanding the culture of the manager and service providers and raise any concerns in this regard if necessary.

(f) The need to act fairly between members of the company

The members of the company are represented at board meetings by their appointed director(s). Conflicts on matters to be discussed are identified at each meeting of the board. Directors representing a member with a conflict of interest may therefore be excluded from any discussion or vote in regards to it.

The directors are cognisant of their duty under s172 in their deliberation as a board on all matters Decisions made by the board take into account the interests of all the company's key stakeholders and reflect the board's belief that the long term sustainable success of the company is linked directly to its key stakeholders.

By order of the board

Steven Dudley

HCP Social Infrastructure (UK) Limited
Secretary
29 June 2020

The directors present their annual report and financial statements for the year ended 31 December 2019.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr T Pearson	
Mr N Crowther	(Resigned 1 January 2019)
Mrs G Birley-Smith	
Ms J Acred	
Ms J Fegan	
Mr P Bannister	
Mr L J Falero	
Mr N Norehn	(Appointed 7 February 2019 and resigned 16 December 2019)
Ms S Sidhu	(Appointed 1 January 2019)
Mr J F Dingle	(Appointed 31 December 2019)

Ms J Acred is a non-executive director.

Results and dividends
The results for the year are set out on page 14.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend. (2018: nil).

Qualifying third party indemnity provisions
For the benefit of certain directors there were during the year qualifying third party indemnity provisions made. These provisions remain in force at the reporting date.

Financial risk management objectives and policies
The Company has outsourced the financial reporting function to HCP Social Infrastructure (UK) Limited (HCP). Authorities remain vested in the board members of the Company. HCP reports regularly to the board of the Company. The Board receives regular reports from HCP which specifically summarise and address the financial, contractual and commercial risks that the Company is exposed and are pertinent to the industry in which the Company operates.

The Board also receives monthly management accounts with explanations of variances from annual budgets and forecasts, which are in turn compared to the Financial Model, which represents the long term business plan of the Company and outlines its ability to comply with its debt obligations and covenants. Material deviations from the business plan are investigated and reported on. Supporting this process, HCP evaluates its performance under the framework of an Internal Audit and Assessment programme which sits within its own Corporate Governance framework. This process ensures that the project remains robust and viable throughout the life of the contract.

The Company's principal financial instruments comprise: Index Linied Guaranteed Secured Bonds, subordinated unsecured loan stock and bank loans. The main purpose of these financial instruments is to ensure, via the terms of the financial instruments, that the profile of the debt service costs is tailored to match the expected revenues. The Company does not undertake financial instrument transactions that are speculative or unrelated to the Company's trading activities. The directors only approve the use of financial instruments that do not contravene the covenant restrictions in its existing funding agreements.

The Company's financial instruments result in the Company's exposure to liquidity, credit rate and interest rate risks. Further information on the financial instruments employed by the Company can be seen in the notes to these financial statements.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company aims to mitigate liquidity risk by closely monitoring the timing of cash flows within the Company.

Interest rate risk

The Company is exposed to interest rate risk on interest rate bearing assets with floating interest rates. The directors do not consider this exposure to be significant.

The mezzanine debt and subordinated loan notes both have fixed interest rates until the end of the concession. The Secured Bonds and bank debt are subject to UK Retail Price Index adjustment calculated on a half year basis. This is offset by having on-lent the loans on the same terms effectively hedging this risk. There is therefore no overall interest rate risk associated with these financial liabilities.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for that other party by failing to discharge an obligation. Capital Hospitals Limited is the sole client of the Company. Capital Hospitals Limited has a forty two year contract with the Barts and The London NHS Trust. The directors consider that no significant risk arises from such a small client base since there are no indications that the Trust will not be able to fulfil their obligations. In addition the Secretary of State for Health has underwritten the Trust's obligations. The carrying value of Capital Hospital's financial asset of £1,443,728,000 (2018:£1,449,959,000) is the maximum credit exposure.

Auditor

KPMG LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006. KPMG LLP has indicated its willingness to continue in office and a resolution to reappoint it as auditor will be proposed at the next general meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the Company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the Company's auditor is aware of that information.

Audit committee

The board does not believe an audit committee is required for the following reasons:

The board itself fulfils the responsibilities and requirements of an audit committee, through reviewing the financial controls and considering the appropriateness of the internal control and risk management systems. See Financial risk management objectives and policies section. It also controls the appointment of the auditor, considers their independence and sets auditor remuneration.

Significant shareholdings and special rights

The immediate Parent company, Capital Hospitals (Holdings) Limited, is owned by Skanska TAM Ltd (22.5%), Skanska TAM (Nordic) Ltd (15%), Innisfree Nominees Ltd acting in its capacity as nominee for Innisfree PFI Secondary Fund 2 LP (25.5%), Innisfree Nominees Ltd acting in its capacity as nominee for Innisfree PFI Secondary Fund LP (12%) and Healthcare (Barts) Ltd (25%). Healthcare (Barts) Ltd is owned by Innisfree Nominees Ltd (50%) acting in its capacity as nominee for Innisfree PFI Secondary Fund LP and DIF Infrastructure II UK (50%). The Skanska and Innisfree groups of companies have interests in contracts placed by the parent company for the financing, construction and management of the Barts & The Royal London Hospitals project.
None of the company's ordinary shares carry any special rights with regard to the control of the company. There are no known arrangements under which financial rights are held by a person other than the beneficial owner of the shares and no known agreements on restrictions on share transfers (other than pre-emption rights between existing shareholders) or on voting rights.

Directors Appointment and Replacement, Allotments of Shares and Control Provisions

The rules about the appointment and replacement of directors are contained in the company's Articles of Association. Changes to the Articles of Association must be approved by the shareholders in accordance with the legislation in force at the time. The powers of the directors and authority to issue and allot ordinary shares are determined by UK legislation and the Memorandum and Articles of Association of the company in force from time to time. Subject to UK legislation the directors are empowered by the Articles to authorise the company to purchase its own shares.

The company does not have agreements with any director that would provide compensation for loss of office or employment following a takeover.

The directors confirm that:
(a) the financial statements, prepared in accordance with UK Generally Accepted Accounting Practice, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company; and
(b) the strategic report includes a fair review of the development and performance of the business and the position of the company, together with a description of the principle risks and uncertainties that they face.

By order of the board

P A Bannister

Mr P Bannister
Director
29 June 2020

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 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 of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities. Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report and Directors' Report that complies with that law and those regulations.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CAPITAL HOSPITALS (ISSUER) PLC

1 Our opinion is unmodified

We have audited the financial statements of Capital Hospitals (Issuer) Plc ("the Company") for the year ended 31 December 2019 which comprise the Statement of Total Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of Company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; 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 are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were appointed as auditor by the directors during the year ended 31 December 2005. The period of total uninterrupted engagement is for the 15 financial years ended 31 December 2019. We have fulfilled our ethical responsibilities under, and we remain independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

2 Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matter in arriving at our audit opinion above, together with our key audit procedures to address this matter and, as required for public interest entities, our results from those procedures. This matter was addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on this matter.

Going concern

Risk vs 2018: ▲

Refer to page 18 (accounting policy).

The risk

Disclosure Quality

The financial statements explain how the Board has formed a judgement that it is appropriate to adopt the going concern basis of preparation for the Company.

That judgement is based on an evaluation of the inherent risks to the Company's business model and how those risks might affect the Company's financial resources or ability to continue operations over a period of at least 12 months from the date of approval of the financial statements.

The risks most likely to adversely affect the Company's available financial resources over this period is the impact of Covid-19 on the related party who is the counterparty to the company's intra-group receivables balances. The primary risks to that counterparty are contract performance, subcontractor failure and compliance with borrowing covenants.

Our response

Our procedures included:

- **Our sector experience**: We critically assessed the directors' going concern assessment, including the reasonableness of the key assumptions used by the company and the counterparty (the intra-group related party) in their cash flow forecasts and the level of downside sensitivities applied using our knowledge of Covid-19 scenarios being applied by other entities.
- **Evaluating directors' intent:** We evaluated the achievability of the actions the Directors consider they would take to improve the position should the risks materialise.
- **Assessing transparency**: We assessed the accuracy and completeness of the matters covered in the going concern disclosure.

Our results
We found the going concern disclosure without any material uncertainty to be acceptable (2018: acceptable).

3 Our application of materiality and an overview of the scope of our audit

Materiality for the financial statements as a whole was set at £7.4 million (2018: £7.5 million), determined with reference to a benchmark of total assets of which it represents 0.51% (2018: 0.52%).

We agreed to report to the Board of Directors any corrected or uncorrected identified misstatements exceeding £370,000 (2018: £375,000), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above.

4 We have nothing to report on going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Our responsibility is to conclude on the appropriateness of the Directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

We identified going concern as a key audit matter (see section 2 of this report). Based on the work described in our response to that key audit matter, we are required to report to you if:

- we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements.

We have nothing to report in this respect.

5 We have nothing to report on the Strategic Report and the Directors' Report

The directors are responsible for the Strategic Report and Directors' Report together with the financial statements. Our opinion on the financial statements does not cover those reports and, accordingly we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the Strategic Report and Directors' Report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge.

Based solely on our work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

6 We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

7 Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 8, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 other irregularities (see below), or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Irregularities – ability to detect

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), from inspection of the company's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related company legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

8 The purpose of our audit work and to whom we owe our responsibilities

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

R Fitzpatrick

Robert Fitzpatrick (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
66 Queen Square
Bristol
BS1 4BE

30 June 2020

CAPITAL HOSPITALS (ISSUER) PLC

STATEMENT OF TOTAL COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £'000	2018 £'000
Interest receivable from group undertakings	5	70,484	83,048
Interest payable and similar expenses	6	(70,488)	(83,062)
Loss before taxation		(4)	(14)
Taxation	7	494	(511)
Profit/(loss) for the financial year		490	(525)
Other comprehensive income for the year		-	-
Total comprehensive profit/(loss) for the year		490	(525)

The statement of total comprehensive income has been prepared on the basis that all operations are continuing operations.

The accompanying notes form an integral part of the financial statements

CAPITAL HOSPITALS (ISSUER) PLC

BALANCE SHEET

AS AT 31 DECEMBER 2019

	Notes	2019 £'000	2019 £'000	2018 £'000	2018 £'000
Current assets					
Debtors falling due after one year	9	1,384,020		1,392,460	
Debtors falling due within one year	9	60,758		57,499	
		1,444,778		1,449,959	
Creditors: amounts falling due within one year	10	(60,797)		(58,024)	
Net current assets			1,383,981		1,391,935
Creditors: amounts falling due after more than one year	11		(1,383,966)		(1,392,410)
Net assets/(liabilities)			15		(475)
Capital and reserves					
Called up share capital	14		50		50
Profit and loss reserves			(35)		(525)
Total equity			15		(475)

The accompanying notes form an integral part of the financial statements

The financial statements were approved by the board of directors and authorised for issue on 29 June 2020 and are signed on its behalf by:

P A Bannister

Mr P Bannister
Director

Company Registration No. 05462494

CAPITAL HOSPITALS (ISSUER) PLC

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Share capital £'000	Profit and loss reserves £'000	Total £'000
Balance at 1 January 2018		50	-	50
Year ended 31 December 2018:				
Profit and total comprehensive income for the year		-	(525)	(525)
Balance at 31 December 2018		50	(525)	(475)
Year ended 31 December 2019:				
Profit and total comprehensive income for the year		-	490	490
Balance at 31 December 2019		50	(35)	15

The accompanying notes form an integral part of the financial statements

1 Accounting policies

Company information

Capital Hospitals (Issuer) PLC is a public limited company domiciled and incorporated in England and Wales. The registered office is 8 White Oak Square, London Road, Swanley, Kent, BR8 7AG.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The Company's parent undertaking, Capital Hospitals (Holdings) Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Capital Hospitals (Holdings) Limited are prepared in accordance with FRS 102 and are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

In these financial statements, the Company is considered a qualifying entity (for the purpose of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of number of shares outstanding from the beginning to the end of the period;
- Cash flow statement and related notes

As the Company is a wholly owned subsidiary of Capital Hospitals (Holdings) Limited, the company has taken advantage of the exemption in section 33 of FRS 102 to not disclose transactions entered into between itself and the other members of the group.

1 Accounting policies **(Continued)**

1.2 Going concern

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors have prepared cash flow forecasts covering a period of 15 months from the date of approval of these financial statements, through to 30 September 2021, which indicate that, taking account of severe but plausible downsides, the Company will have sufficient funds to meet its liabilities as they fall due for that period. In order to settle its own financial obligations and meet the compliance requirements of its external borrowings the Company is dependent on Capital Hospitals Limited, a fellow group company with common Directors, generating sufficient cashflows to settle the payments of principal and interest on the onward loan of the funding which the Company raised. Those forecasts are dependent on Capital Hospitals Limited's underlying customer continuing to meet its obligations under the Project Agreement which are underwritten by the Secretary of State for Health.

In making this assessment the Directors have considered the potential impact of the emergence and spread of COVID-19.

Capital Hospitals Limited's operating cash inflows are largely dependent on unitary charge receipts receivable from Barts Health NHS Trust and the Directors expect these amounts to be received even in severe but plausible downside scenarios.

Capital Hospitals Limited continues to provide the asset in accordance with the contract and is available to be used. As a result, the Company does not believe there is any likelihood of a material impact to the unitary payment. Further, the Trust have agreed to suspend the contract monitoring regime until at least 30 June 2020, pending further Cabinet Office direction. Deductions will therefore not be levied during this period.

The Directors have assessed the viability of Capital Hospitals Limited's main sub-contractors and reviewed the contingency plans of the sub-contractors and are satisfied in their ability to provide the services in line with the contract without significant additional costs to Capital Hospitals Limited, even in downside scenarios, due to the underlying contractual terms. To date, there has been no adverse impact on the services provided by the Company or its sub-contractors arising from COVID-19. However, in the unlikely event of a subcontractor failure, Capital Hospitals Limited has its own business continuity plans to ensure that service provision will continue.

The Directors believe Capital Hospitals Limited has sufficient funding in place and expect the Company to be in compliance with its debt covenants even in severe but plausible downside scenarios.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

1 Accounting policies **(Continued)**

1.3 Financial instruments

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Company's statement of financial position when the Company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, which include interest bearing loans and receivables, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest

Interest-bearing loans classified as basic financial instruments

Interest-bearing loans 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.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

1 Accounting policies **(Continued)**

Classification of financial liabilities

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 Company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including bank loans, Bonds and unsecured subordinated and mezzanine loans, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

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.

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 Company after deducting all of its liabilities.

Derecognition of financial liabilities

Financial liabilities are derecognised when the Company's contractual obligations expire or are discharged or cancelled.

1.4 Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Company.

1.5 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1 Accounting policies **(Continued)**

1.6 *Interest Receivable and Payable*

Interest payable and similar charges include interest payable on borrowings and associated ongoing financing fees. Interest payable and similar charges is recognised under the effective interest rate method.

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.

2 Judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are deemed to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period which the estimate is revised where the revision only affects that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The preparation of financial statements in conformity with FRS102 requires management to make judgements, estimates and assumptions that affect the application of application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based upon historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

Management are not aware of any sources of estimation uncertainty which affect these financial statements.

3 Auditor's remuneration

	2019	2018
Fees payable to the Company's auditor and associates:	£'000	£'000
For audit services		
Audit of the financial statements of the Company	10	10

4 Employees

The company had no employees during the year (2018: nil).

Directors remuneration (including directors fees) is paid by Capital Hospitals Limited for the group as a whole. The portion attributable to qualifying services of directors for the Company is £20,000 (2018: £20,000).

5 Interest receivable and similar income

	2019	2018
	£'000	£'000
Interest income		
Interest receivable from group undertakings	70,484	83,048

6 Interest payable and similar expenses

	2019	2018
	£'000	£'000
Interest on financial liabilities measured at amortised cost:		
Bond interest	43,900	52,702
Mezzanine interest	2,113	2,100
Loan interest	13,956	16,941
Sub-debt interest	10,515	10,747
	70,484	82,490
Other finance costs:		
Other interest	4	572
	70,488	83,062

7 Taxation

	2019 £'000	2018 £'000
Current tax		
UK corporation tax on profits for the current period	20	511
Deferred tax		
Origination and reversal of timing differences	(514)	-
Total tax (credit)/charge	(494)	511

The actual (credit)/charge for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2019 £'000	2018 £'000
Loss before taxation	(4)	(14)
Expected tax credit based on standard rate 19% (2018: 19%)	(1)	(3)
Timing differences not previously recognised as deferred tax	(514)	-
Adjustments in respect of prior periods	21	514
Taxation (credit)/charge for the year	(494)	511

7 Taxation (continued)

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016.

The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020.

The Company had unpaid sub-debt interest relating to 2017 as at 31 December 2018 and so it was required to pay tax to HMRC of £514,000 from Capital Hospitals Issuer Plc. The Company paid the tax liability on 29 March 2019. It is assumed that Capital Hospitals Issuer Plc will be able to claim the deduction for this late paid interest in the 2019 tax computation as it is forecast to have paid all of the unpaid sub-debt interest by the end of 2020. We therefore have recognised a deferred tax asset of £514,000 in the current year.

8 *Financial instruments*

The Company's principal financial instruments comprise the intra-group loan with Capital Hospitals Limited, index-linked Bonds, index-linked bank loans, mezzanine notes and subordinated loan notes. The main purpose of these financial instruments is to secure funding for the PFI project entered into between Capital Hospitals Limited and the Trust and to ensure, via the terms of the financial instruments that the profile of the debt service costs is tailored to match the profile of the intra-group loan, which is in turn serviced by expected revenues arising from the project. The main risks arising from the Company's financial instruments are interest rate risk, liquidity risk and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk/inflation risk
The Company's exposure to adverse movements in interest costs and inflation on its borrowings is matched by an equal but opposite exposure on amounts owing from Capital Hospitals Limited with the same maturity.

Credit risk
The Company's principle financial assets are other receivables. The Company's credit risk is attributable to the loan due from Capital Hospitals Limited. Capital Hospitals Limited's main income stream is from the Barts and The London NHS Trut, therefore Capital Hospital (Issuer) Plc considers the probability of not recovering this loan to be minimal.

Liquidity risk
The company's policy has throughout the year been that, to ensure continuity of funding, all of its borrowings should be matched by amounts owing from Capital Hospitals Limited, with the same maturity

Capital risk management
The Company manages its capital to ensure it is able to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital. The capital structure of the Company comprises of equity attributable to equity holders consisting of ordinary share capital, reserves and retained earnings.

9 Debtors

Amounts falling due within one year:	**2019 £'000**	**2018 £'000**
Amounts due from fellow group undertakings	60,244	57,499
Deferred tax asset (note 13)	514	-
	60,758	57,499

Amounts falling due after more than one year:	**2019 £'000**	**2018 £'000**
Amounts due from fellow group undertakings	1,384,020	1,392,460
Total debtors	1,444,778	1,449,959

Amounts due from fellow group undertakings disclosed above are measured at amortised cost.

Debtors consist of the proceeds of the debt drawn and on-lent to Capital Hospitals Limited on exactly the same terms as in note 10 and 11.

10 Creditors: amounts falling due within one year

	Notes	**2019 £'000**	**2018 £'000**
Loans and overdrafts	12	60,244	57,499
Other creditors and accruals		-	14
Amounts due to group undertakings		553	-
Corporation tax		-	511
		60,797	58,024

11 Creditors: amounts falling due after more than one year

	Notes	**2019 £'000**	**2018 £'000**
Loans and overdrafts	12	1,383,966	1,392,410
		1,383,966	1,392,410

12 Loans and overdrafts

	2019 £'000	2018 £'000
Bank loans	326,973	331,637
Bonds	998,262	999,391
Subordinated loans	99,202	98,591
Mezzanine loans	19,773	20,290
	1,444,210	1,449,909
Payable within one year	60,244	57,499
Payable after one year	1,383,966	1,392,410
Amounts included above which fall due after 5 years:	1,196,693	1,210,295

The Bonds are secured by an irrevocable and unconditional financial guarantee issued by Assured Guaranty (Europe) Limited (50%) and Ambac Assurance UK Limited (50%) respectively.

The bank loan is secured by an irrevocable and unconditional financial guarantee issued by Assured Guaranty (Europe) Limited (50%) and Ambac Assurance UK Limited (50%) respectively.

The subordinated loan and mezzanine notes are unsecured.

The Bonds are repayable in half yearly instalments which commenced 30 September 2016 and are subject to an interest rate of 1.703% subject to UK Retail Price Index adjustment calculated on a half yearly basis. The Company has released its right to retain £275,000,000 of Bonds as a result of the project reaching Actual Global Completion at which point the project was not required to retain the ability to access the funds.

The bank loan is repayable in half yearly instalments which commenced 30 September 2016 and is subject to an interest rate of 1.550% subject to UK Retail Price Index adjustment calculated on a half yearly basis.

The subordinated loan notes are repayable in half yearly instalments commencing 30 September 2022 and were subject to an interest rate of 9.5% until March 2016, this increased to 11% following Actual Global Completion of the project. These loan notes are subordinate to the Bonds and bank loan.

The mezzanine notes are repayable in half yearly instalments commencing 31 March 2020 and are subject to an interest rate of 10.5%.

13 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

Balances:	Assets 2019 £'000	Assets 2018 £'000
Subordinated Debt Interest Allowable	514	-

13 Deferred taxation (Continued)

Movements in the year:	2019 £'000
Liability at 1 January 2019	-
Credit to profit or loss	(514)
Liability/(Asset) at 31 December 2019	(514)

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so.

Capital Hospitals Limited had unpaid sub-debt interest relating to 2017 as at 31 December 2018 and so it was required to pay tax to HMRC of £514,000 from Capital Hospitals Issuer Plc. The Company paid the tax liability on 29 March 2019. It is assumed that Capital Hospitals Issuer Plc will be able to claim the deduction for this late paid interest in the 2019 tax computation as it is forecast to have paid all of the unpaid sub-debt interest by the end of 2020. We therefore have recognised deferred tax asset of £514,000 in the current year.

14 Share capital

	2019 £'000	2018 £'000
Ordinary share capital		
Issued and fully paid		
50,000 Ordinary shares of £1 each (2018: 50,000 ordinary shares of £1 each)	50	50
	50	50

15 Related party transactions

The immediate Parent company, Capital Hospitals (Holdings) Limited, is owned by Skanska TAM Ltd (22.5%), Skanska TAM (Nordic) Ltd (15%), Innisfree Nominees Ltd acting in its capacity as nominee for Innisfree PFI Secondary Fund 2 LP (25.5%), Innisfree Nominees Ltd acting in its capacity as nominee for Innisfree PFI Secondary Fund LP (12%) and Healthcare (Barts) Ltd (25%). Healthcare (Barts) Ltd is owned by Innisfree Nominees Ltd (50%) acting in its capacity as nominee for Innisfree PFI Secondary Fund LP and DIF Infra Yield 1 finance B.V (50%). The Skanska and Innisfree groups of companies have interests in contracts placed by the parent company for the financing, construction and management of the Barts & The Royal London Hospitals project.

Skanska TAM Ltd and Skanska TAM (Nordic) Ltd, Innisfree Nominees Ltd acting in its capacity as nominee for Innisfree PFI Secondary Fund LP and Innisfree PFI Secondary Fund 2 LP, and the shareholders of Healthcare (Barts) Ltd hold Mezzanine Notes in proportion to their shareholdings and paid interest on these notes during the year totalling £2,100,000 (2018: 4,394,000). As at 31 December 2019 accruals included £529,000 in respect of Mezzanine Note interest.

Subordinated debt is held based upon the ownership split and interest paid on the subordinated debt during the year totalled £9,908,000 (2018: £12,693,000). As at 31 December 2019 accruals included £10,673,000.

16 Post Balance Sheet Events

The COVID-19 pandemic continues to cause significant impact to the UK's economy; however, the Company has continued to be paid in full since the year end in accordance with Government guidance and the concession contract and does not expect this position to change. The project remains fully operational.

17 Controlling Party

The Company is a wholly owned subsidiary undertaking of Capital Hospitals (Holdings) Limited incorporated in the United Kingdom. The registered office is 8 White Oak Square, London Road, Swanley, BR8 7AG.

The smallest and largest Group in which the financial statements of the Company are consolidated is Capital Hospitals (Holdings) Limited. The consolidated accounts of the Group are available to the public and may be obtained from 8 White Oak Square, London Road, Swanley, Kent, BR8 7AG.