

COMPANY REGISTRATION NUMBER: 06401001

Kent and East Sussex Weald Hospital Holdings Limited
Annual Report and Financial Statements
31 December 2020

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Kent and East Sussex Weald Hospital Holdings Limited
Annual Report and Financial Statements
Year Ended 31 December 2020

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Kent and East Sussex Weald Hospital Holdings Limited

Officers and Professional Advisers

The Board of Directors

G Beazley-Long
C James
M Templeton
JS Gordon

Registered Office

Cannon Place
78 Cannon Street
London
EC4N 6AF

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants & Statutory Auditor
Level 4
Atria One
144 Morrison Street
Edinburgh
EH3 8EX

Kent and East Sussex Weald Hospital Holdings Limited

Directors' Report

Year Ended 31 December 2020

The directors present their report and the audited Annual Report and Financial Statements of Kent and East Sussex Weald Hospital Holdings Limited ("the Company") for the year ended 31 December 2020.

Principal Activities

Kent and East Sussex Weald Hospital Holdings Limited ("the Company") acts as a holding company to Kent and East Sussex Weald Hospital Limited. The principal activity of Kent and East Sussex Weald Hospital Limited during the year was to operate a PFI concession contract with the Maidstone and Tunbridge Wells National Health Service Trust ("the Trust") to design, build, finance and operate a hospital in Pembury. The contract was signed in March 2008, construction commenced immediately and full services started in 2012. The contract will run until 2042.

Performance Review

The result for the financial year, after taxation, amounted to £– (2019: £–).

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

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

In the prior year there was an event of default as the parent company of Interserve Facilities Management Limited, the FM service provider, went into administration. As a result, the bank debt was classified as current in the balance sheet at 31 December 2019. During the current year a new parent company guarantee was signed which cured the event of default and the debt has been reclassified as non-current as appropriate at the year end. Services were not affected by these changes in Interserve structure.

On 1 December 2020 Mitie plc announced that they purchased the support services business of Interserve Group Limited and renamed Interserve Facilities Management Limited to Mitie Facilities Management Limited. Mitie plc has agreed to provide a replacement parent company guarantee which transfers the current guarantee to Mitie plc and the board is working with its advisors to put this in place. There has been no effect on the operations of the Company from this change.

Covid-19 was declared a pandemic in March 2020 and since then there has been widespread disruption in the UK. The directors have considered the current and future financial impact to the Company of Covid-19, taking into account the sources of income and expenditure. Throughout the pandemic the underlying investment has continued to perform in line with modelled expectations. It is the directors' view that this performance is expected to continue. Although the likely full impact is unknown, and at this stage is not possible to quantify, it is not expected to materially impact on the operations or financial position of the Company.

Key Performance Indicators

In its role as a holding company there are no key performance indicators for the directors to monitor. However, from a group point of view the performance of the investment is assessed every six months by testing the cash resources against the bank lending covenants. The key indicator being the debt service cover ratio. The investment has been compliant with the covenants laid out in the Group loan agreement.

Kent and East Sussex Weald Hospital Holdings Limited

Directors' Report *(continued)*

Year Ended 31 December 2020

Going Concern

Cash flow forecasts are prepared for the underlying investment looking over the expected life of the asset and so including the 12 month period from the date the financial statements are signed. In drawing up these forecasts, the directors have made assumptions based upon their view of the current and future economic conditions, including the impact of Covid-19, that will prevail over the forecast period.

The Company's cash flows are dependent on the performance of its investment. After reviewing the performance of the investment, which is done on a regular basis, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

In light of this, the directors continue to adopt the going concern basis of accounting in preparing the Company's annual financial statements.

Directors

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

G Beazley-Long
C James
M Templeton
JS Gordon

Dividends

No dividends were paid in the year (2019: £nil).

Qualifying Indemnity Provision

During the year, and at the date of this report, the Company has in place qualifying third party indemnity provisions for the benefit of its directors.

Small Company Provisions

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

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

Kent and East Sussex Weald Hospital Holdings Limited

Directors' Report *(continued)*

Year Ended 31 December 2020

This report was approved by the board of directors on 27 April 2021 and signed by order of the board by:

A handwritten signature in black ink, appearing to read 'Simon Perkins', with a horizontal line underneath.

Infrastructure Managers Limited
Company Secretary

Kent and East Sussex Weald Hospital Holdings Limited

Directors' Responsibilities Statement

Year Ended 31 December 2020

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

Company law requires the directors to prepare the Annual Report and Financial Statements for each financial year. Under that law the directors have prepared the Annual Report and 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 Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing the Annual Report and 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 Financial Statements; and
- prepare the Annual Report and 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.

Kent and East Sussex Weald Hospital Holdings Limited

Independent Auditors' Report to the Members of Kent and East Sussex Weald Hospital Holdings Limited

Year Ended 31 December 2020

Report on the Audit of the Financial Statements

Opinion

In our opinion, Kent and East Sussex Weald Hospital Holdings Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2020; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for Opinion

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

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions Relating to Going Concern

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Kent and East Sussex Weald Hospital Holdings Limited

Independent Auditors' Report to the Members of Kent and East Sussex Weald Hospital Holdings Limited *(continued)*

Year Ended 31 December 2020

Reporting on Other Information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Responsibilities for the Financial Statements and the Audit

Responsibilities of the Directors for the Financial Statements

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

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

Kent and East Sussex Weald Hospital Holdings Limited

Independent Auditors' Report to the Members of Kent and East Sussex Weald Hospital Holdings Limited *(continued)*

Year Ended 31 December 2020

Auditors' 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.

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and the risk of management bias in accounting estimates. Audit procedures performed included:

- Enquiries of management around known or suspected instances of non-compliance with laws and regulations, claims and litigation, and instances of fraud;
- Understanding of management's controls designed to prevent and deter irregularities;
- Review of board minutes;
- Challenging management on assumptions and judgements made in their significant accounting estimates, in particular in relation to the carrying value of investments in subsidiaries;
- Identifying and testing journal entries to assess whether any of the journals appeared unusual, impacting distributable reserves.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of This Report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Kent and East Sussex Weald Hospital Holdings Limited

Independent Auditors' Report to the Members of Kent and East Sussex Weald Hospital Holdings Limited *(continued)*

Year Ended 31 December 2020

Other Required Reporting

Companies Act 2006 Exception Reporting

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

- we have not obtained all the information and explanations we require for our audit; or
- 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
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Kent and East Sussex Weald Hospital Holdings Limited

Independent Auditors' Report to the Members of Kent and East Sussex Weald Hospital Holdings Limited *(continued)*

Year Ended 31 December 2020

Entitlement to Exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Mark Hoskyns-Abrahall (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants & Statutory Auditor
Edinburgh

27 April 2021

Kent and East Sussex Weald Hospital Holdings Limited

Statement of Comprehensive Income

Year Ended 31 December 2020

	Note	2020 £000	2019 £000
Interest receivable and similar income	6	3,906	3,642
Interest payable and similar expenses	7	<u>(3,906)</u>	<u>(3,642)</u>
Result before taxation		—	—
Tax on result		<u>—</u>	<u>—</u>
Result for the financial year and total comprehensive income		<u>—</u>	<u>—</u>

All the activities of the company are from continuing operations.

The notes on pages 14 to 19 form part of these Financial Statements.

Kent and East Sussex Weald Hospital Holdings Limited

Statement of Financial Position

As at 31 December 2020

	Note	2020 £000	2019 £000
Fixed assets			
Investments	8	26,296	26,296
Current assets			
Debtors: amounts falling due within one year	9	1,892	4,503
Creditors: amounts falling due within one year	10	<u>(1,892)</u>	<u>(4,503)</u>
Total assets less current liabilities		26,296	26,296
Creditors: amounts falling due after more than one year	11	<u>(26,295)</u>	<u>(26,295)</u>
Net assets		<u>1</u>	<u>1</u>
Capital and reserves			
Called up share capital	12	1	1
Retained earnings	13	<u>-</u>	<u>-</u>
Total shareholders funds		<u>1</u>	<u>1</u>

The Financial Statements were approved by the board of directors and authorised for issue on 27 April 2021, and are signed on behalf of the board by:



G Beazley-Long
Director

Company registration number: 06401001

The notes on pages 14 to 19 form part of these Financial Statements.

Kent and East Sussex Weald Hospital Holdings Limited

Statement of Changes in Equity

Year Ended 31 December 2020

	Called up share capital £000	Retained earnings £000	Total £000
At 1 January 2019	1	—	1
Result for the financial year		—	—
At 31 December 2019	1	—	1
Result for the financial year		—	—
At 31 December 2020	<u>1</u>	<u>—</u>	<u>1</u>

The notes on pages 14 to 19 form part of these Financial Statements.

Kent and East Sussex Weald Hospital Holdings Limited

Notes to the Annual Report and Financial Statements

Year Ended 31 December 2020

1. General Information

Kent and East Sussex Weald Hospital Holdings Limited ("the Company") is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is Cannon Place, 78 Cannon Street, London, EC4N 6AF.

Kent and East Sussex Weald Hospital Holdings Limited ("the Company") acts as a holding company to Kent and East Sussex Weald Hospital Limited. The principal activity of Kent and East Sussex Weald Hospital Limited during the year was to operate a PFI concession contract with the Maidstone and Tunbridge Wells National Health Service Trust ("the Trust") to design, build, finance and operate a hospital in Pembury. The contract was signed in March 2008, construction commenced immediately and full services started in 2012. The contract will run until 2042.

The Company's functional and presentation currency is the pound sterling.

2. Statement of Compliance

The individual financial statements of Kent and East Sussex Weald Hospital Holdings Limited have been prepared in compliance with United Kingdom Accounting Standards, including 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, as modified by the revaluation of certain financial assets and liabilities.

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 Company's 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

Cash flow forecasts are prepared for the underlying investment looking over the expected life of the asset and so including the 12 month period from the date the financial statements are signed. In drawing up these forecasts, the directors have made assumptions based upon their view of the current and future economic conditions, including the impact of Covid-19, that will prevail over the forecast period.

The Company's cash flows are dependent on the performance of its investment. After reviewing the performance of the investment, which is done on a regular basis, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

In light of this, the directors continue to adopt the going concern basis of accounting in preparing the Company's annual financial statements.

Kent and East Sussex Weald Hospital Holdings Limited

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

Year Ended 31 December 2020

3. Accounting Policies *(continued)*

(c) Disclosure exemptions

The Company has taken advantage of the exemption in FRS 102 Section 7 'Statement of Cash Flows' part 1B, which states that a small company is not required to prepare a cash flow statement.

(d) Consolidation

The entity has taken advantage of the option not to prepare consolidated financial statements on the basis that the entity and its subsidiary undertakings comprise a small group.

(e) Judgements 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:

i) Impairment of assets

The carrying value of those assets recorded in the Company's Statement of Financial Position, at amortised cost, could be materially reduced where circumstances exist which might indicate that an asset has been impaired and an impairment review is performed. Impairment reviews consider the fair value and/or value in use of the potentially impaired asset or assets and compare that with the carrying value of the asset or assets in the Statement of Financial Position. Any reduction in value arising from such a review would be recorded in the Statement of Comprehensive Income. Impairment reviews involve the significant use of assumptions. Consideration has to be given as to the price that could be obtained for the asset or assets, or in relation to a consideration of value in use, estimates of the future cash flows that could be generated by the potentially impaired asset or assets, together with a consideration of an appropriate discount rate to apply to those cash flows.

Kent and East Sussex Weald Hospital Holdings Limited

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

Year Ended 31 December 2020

3. Accounting Policies *(continued)*

(f) 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.

(g) Investments

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

(h) Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

4. Auditors' Remuneration

The audit fee of £3,255 (2019: £4,160) was borne by the subsidiary company Kent and East Sussex Weald Hospital Limited.

In addition to the audit fee the subsidiary company also paid the auditors £2,575 (2019: £3,000) for the provision of tax services for the Company.

5. Particulars of Employees and Directors

The average number of persons employed by the Company during the financial year, including the directors, amounted to nil (2019: nil). The directors did not receive any remuneration from the Company during the year (2019: £nil).

Kent and East Sussex Weald Hospital Holdings Limited

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

Year Ended 31 December 2020

6. Interest Receivable and Similar Income

	2020	2019
	£000	£000
Interest from Group undertakings	<u>3,906</u>	<u>3,642</u>

7. Interest Payable and Similar Expenses

	2020	2019
	£000	£000
Interest due to Group undertakings	<u>3,906</u>	<u>3,642</u>

8. Investments

	Shares in group undertakings £000	Loans to group undertakings £000	Total £000
Cost			
At 1 January 2020 and 31 December 2020	<u>1</u>	<u>26,295</u>	<u>26,296</u>
Impairment			
At 1 January 2020 and 31 December 2020	<u>-</u>	<u>-</u>	<u>-</u>
Carrying amount			
At 31 December 2020	<u>1</u>	<u>26,295</u>	<u>26,296</u>
At 31 December 2019	<u>1</u>	<u>26,295</u>	<u>26,296</u>

The Company owns 100% of the issued share capital of Kent & East Sussex Weald Hospital Limited.

	2020	2019
	£'000	£'000
Aggregate capital and reserves	(78,053)	(74,828)
Profit/(Loss) for the year	907	684

The directors acknowledge the investment is in net liabilities, the cause of this is due to the derivative financial instruments being brought onto the Statement of Financial Position. The directors have reviewed the investments forecasts and projections and have reasonable expectation that no impairment indicators exist and the investment will continue in operational existence for the foreseeable future.

Amounts loaned to Group undertakings represents subordinated loan stock which bears interest at 13% and repayment of capital is in 2042. The loan stock is unsecured.

Kent and East Sussex Weald Hospital Limited is a private company limited by shares and is incorporated and domiciled in the UK. The address of its registered office is Cannon Place, 78 Cannon Street, London, EC4N 6AF. The principal activity of Kent and East Sussex Weald Hospital Limited during the year was to operate a PFI concession contract with the Maidstone and Tunbridge Wells National Health Service Trust ("the Trust") to design, build, finance and operate a hospital in Pembury. The contract was signed in March 2008, construction commenced immediately and full services started in 2012. The contract will run until 2042.

Kent and East Sussex Weald Hospital Holdings Limited

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

Year Ended 31 December 2020

9. Debtors

Debtors amounts falling due within one year are as follows:

	2020	2019
	£000	£000
Amounts owed by Group undertakings	<u>1,892</u>	<u>4,503</u>

The amounts owed by Group undertakings bears interest at 13%, is unsecured and is repayable on demand.

10. Creditors: amounts falling due within one year

	2020	2019
	£000	£000
Amounts owed to group undertakings	<u>1,892</u>	<u>4,503</u>

The amounts owed to Group undertakings bears interest at 13%, is unsecured and is repayable on demand.

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

	2020	2019
	£000	£000
Amounts owed to group undertakings	<u>26,295</u>	<u>26,295</u>

Included within creditors: amounts falling due after more than one year is an amount of £26,295,347 (2019: £26,295,347) in respect of liabilities payable or repayable by instalments which fall due for payment after more than five years from the reporting date.

The amounts owed to Group undertakings relate to Subordinated Loan Notes. These are unsecured, bear interest at 13% per annum and payment of capital falls due in 2042 at the end of the project term.

12. Called Up Share Capital

Issued, called up and fully paid

	2020		2019	
	No.	£	No.	£
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

There is a single class of ordinary share. There are no restrictions on the distribution of dividends and the repayment of capital.

13. Reserves

Retained earnings records retained earnings and accumulated losses.

Kent and East Sussex Weald Hospital Holdings Limited

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

Year Ended 31 December 2020

14. Related Party Transactions

Health (Pembury) Limited owns 75% of the shareholding and loan stock in the Company. During the year £4,888,035 (2019: £nil) of loan stock interest was paid. No dividends (2019: £nil) were paid. Unpaid loan stock interest at 31 December 2020 was £1,419,148 (2019: £3,377,344). The outstanding loan stock balance at 31 December 2020 was £19,721,510 (2019: £19,721,510).

PFI 2005 Limited owns 25% of the shareholding and loan stock in the Company. During the year £1,629,345 (2019: £nil) of loan stock interest was paid. No dividends (2019: £nil) were paid. Unpaid loan stock interest at 31 December 2020 was £473,049 (2019: £1,125,781). The outstanding loan stock balance at 31 December 2020 was £6,573,837 (2019: £6,573,837).

Kent and East Sussex Weald Hospital Limited has issued loan notes to the Company. The total amount of interest paid in the year on this loan amounted to £6,517,380 (2019: £nil). No dividends (2019: £nil) were paid in the year.

15. Controlling Party

The Company is owned 75% by Health (Pembury) Limited and 25% by PFI 2005 Limited. The registered addresses of these companies are Cannon Place, 78 Cannon Street, London, EC4N 6AF, and 3-5 Charlotte Street, Manchester, M1 4HB respectively. Health (Pembury) Limited is owned 50% by JLIF Holdings (Pembury Hospital) Limited and 50% by Innisfree PFI Secondary Fund. The ultimate shareholding in PFI 2005 Limited and JLIF Holdings (Pembury Hospital) Limited is held by various funds which are managed by Dalmore Capital Limited. In the directors' opinion there is no ultimate controlling party.