

Registered No 06395903

ROODLANE MEDICAL LIMITED

Report and Financial Statements

31 December 2021

WEDNESDAY



ABJD1PXT

A05

21/12/2022

#275

COMPANIES HOUSE

Roodlane Medical Limited

Registered No. 06395903

COMPANY INFORMATION

DIRECTORS

N A Buckley
S J J King
J M Reay
H Trakoshis

AUDITOR

Ernst & Young LLP
1 More London Place
London
SE1 2AF

BANKER

Barclays Bank PLC
St John's Wood and Swiss Cottage Branch
P O Box 2764
London
NW3 6JD

REGISTERED OFFICE

2 Cavendish Square
London
W1G 0PU

Roodlane Medical Limited

Registered No. 06395903

STRATEGIC REPORT

The directors present their strategic report for the year ended 31 December 2021.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the company is to offer a range of medical services to corporate and private clients. Services include occupational health and specialist medical services, corporate wellness and health screening, physiotherapy and private GP services.

The company's key financial and other performance indicators during the year were as follows:

	2021 £000	2020 £000	Change %
Revenue	39,182	19,762	98.3%
Operating profit / (loss)	2,776	(3,096)	(189.7%)
Outpatient visits	103,576	68,894	50.3%
Employee numbers	273	226	20.8%

Revenue for 2021 has increased by 98.3% from the prior year. The main contributor for the increase in revenue was the overall increase in retainer revenue and outpatient visits by 50.3% following the easing of Covid-19 restrictions.

The company has an operating profit in 2021, which has improved from the operating loss from 2020. This is primarily due to the increase in revenue.


The company has ended the year in a strong financial position with net assets of £4,894,000 (2020: £2,090,000) and a net current asset position of £3,960,000 (2020: £485,000).

The company will continue to invest in the provision of medical services in its commitment to improve human life.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risk arising from the company's business is the uncertainty of medical indemnities. However, the company's exposure in this area is borne by HCA International Limited and has been mitigated by insurance and reviewed independently by external professional actuaries.

On behalf of the board



N A Buckley
Director
15 December 2022

Roodlane Medical Limited

Registered No. 06395903

DIRECTORS' REPORT

The directors present their report and audited financial statements for the year ended 31 December 2021.

REVIEW OF THE BUSINESS

A review of the business has been provided in the Strategic Report.

DIVIDENDS

The directors do not propose any dividend for the year (2020: £nil).

DIRECTORS

The directors who served during the year ended 31 December 2021, except as noted, were as follows:

N A Buckley (Appointed: 23 November 2021)

S J J King

G A Macleod (Resigned: 18 November 2021)

J M Reay

H Trakoshis

DIRECTORS INDEMNITY

The company has granted indemnity to its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity remains in force as at the date of approving the directors' report.

FUTURE DEVELOPMENTS

There are no plans to change the activities of the company.

EVENTS AFTER THE END OF THE REPORTING PERIOD

No material events have occurred since the statement of financial position date which would affect the financial statements of the company.

GOING CONCERN

No material uncertainties that cast significant doubt about the ability of the company to continue as a going concern have been identified by the directors.

HCA UK Holdings Limited ('HCA UK') as an organisation manages its cash position centrally, providing access to funding for all its subsidiaries as and when required. The availability of cash is central to the groups survival and management has considered cash flow forecasts to be a key component of their assessment. Roodlane Medical Limited falls within the HCA UK group.

HCA UK has prepared a detailed monthly cash flow forecast until December 2023, in which a steady cash flow is expected for the foreseeable future as detailed in note 1. The Directors have also considered a range of downside scenarios and despite the continued positive performance of the HCA UK Group, the Directors acknowledge that there is a level of uncertainty caused by the continued impact of the COVID-19 pandemic. As a result, HCA Healthcare Inc., the ultimate parent company, have confirmed, via a letter of support, their intention to provide financial support, if necessary, to the HCA UK Group for the period from the date of approval of the financial statements to the end of December 2023.

In turn, the company has received assurances, in the form of a letter of support, that HCA UK will continue to provide sufficient cash resources as required to enable the company to meet its liabilities as they fall due from the date these financial statements are authorised for issue to the end of December 2023.

On the basis of the above and their assessment of the company's financial prospects and position, the directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Therefore, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Roodlane Medical Limited

Registered No. 06395903

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

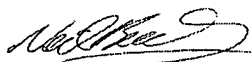
The directors who were members of the board at the time of approving the Directors' Report are listed on page 1.

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITORS

In accordance with Section 487 of the Companies Act 2006, Ernst & Young LLP will continue as auditor of the company.

On behalf of the board



N A Buckley
Director
15 December 2022

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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.

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF ROODLANE MEDICAL LIMITED

Opinion

We have audited the financial statements of Roodlane Medical Limited for the year ended 31 December 2021 which comprise Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity and the related notes 1 to 20, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period to 31 December 2023.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

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

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

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

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF ROODLANE MEDICAL LIMITED (CONTINUED)

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept 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.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 102 and the Companies Act 2006) and the relevant indirect tax compliance regulation in the United Kingdom. In addition, the Company has to comply with laws and regulations relating to its domestic operations, including regulations specific to the healthcare sector, namely The Health and Social Care Act 2008 and the Regulated Activities Regulations 2014, health and safety, employees, data protection and anti-bribery and corruption legislation.

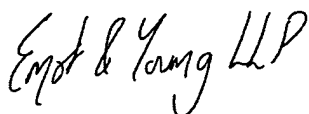
INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF ROODLANE MEDICAL LIMITED (CONTINUED)

- We understood how the Company is complying with those frameworks by making inquiries of management to understand how the Company maintains and communicates its policies and procedures in these areas. We corroborated our inquiries through review of Board minutes and papers provided by management as well as considering the results of our audit procedures. There was no contrary evidence noted in our review of this evidence. We also reviewed correspondence with relevant authorities.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by performing a fraud risk assessment. We considered the risk of fraud through management override, and in response, we incorporated data analytics across manual journal entries into our audit approach. These procedures included testing of transactions back to underlying source information.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved journal entry testing in relation to the identified fraud risk with a focus on manual journals and journals indicating large or unusual transactions based on our understanding of the business. Our procedures also involved enquiries of Company management and those charged with governance. We also leveraged our data analytics platform in performing our work on the order to cash processes to assist in identifying higher risk transactions for testing.

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

Use of our report

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



James Lovegrove (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

16 December 2022

Roodlane Medical Limited

STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 December 2021

	<i>Notes</i>	<i>2021</i> <i>£000</i>	<i>2020</i> <i>£000</i>
REVENUE	2	39,182	19,762
Administrative expenses		(36,406)	(22,858)
OPERATING PROFIT / (LOSS)	3	2,776	(3,096)
Interest receivable and similar income	6	-	14
Interest payable and other financial expenditure	7	(78)	(52)
PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		2,698	(3,134)
Taxation on profit / (loss) on ordinary activities	8	106	148
PROFIT / (LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		2,804	(2,986)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME / (LOSS)		2,804	(2,986)

All activities relate to continuing operations.

The notes on pages 12 to 23 form part of these financial statements.

Roodlane Medical Limited

STATEMENT OF FINANCIAL POSITION

at 31 December 2021

	Notes	2021 £000	2020 £000
FIXED ASSETS			
Intangible assets	9	91	129
Tangible fixed assets	10	1,844	2,247
		<u>1,935</u>	<u>2,376</u>
CURRENT ASSETS			
Inventory	11	68	146
Debtors	12	14,054	5,602
		<u>14,122</u>	<u>5,748</u>
CREDITORS: amounts falling due within one year	13	<u>(10,162)</u>	<u>(5,263)</u>
NET CURRENT ASSETS		3,960	485
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>5,895</u>	<u>2,861</u>
PROVISIONS FOR LIABILITIES AND CHARGES	14	(1,001)	(771)
NET ASSETS		<u>4,894</u>	<u>2,090</u>
CAPITAL AND RESERVES			
Share capital	17	50	50
Share premium	18	2,249	2,249
Profit and loss account	18	2,595	(209)
EQUITY SHAREHOLDERS' FUNDS		<u>4,894</u>	<u>2,090</u>

The notes on pages 12 to 23 form part of these financial statements.

These financial statements were approved by the board of directors on 15 December 2022 and signed on its behalf by:



N A Buckley
Director
Registered No. 06395903

Roodlane Medical Limited

STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2021

	<i>Share capital £000</i>	<i>Share premium £000</i>	<i>Profit and loss £000</i>	<i>Total £000</i>
At 1 January 2020	50	2,249	2,777	5,076
Loss for the year	-	-	(2,986)	(2,986)
At 1 January 2021	50	2,249	(209)	2,090
Profit for the year	-	-	2,804	2,804
At 31 December 2021	50	2,249	2,595	4,894

The notes on pages 12 to 23 form part of these financial statements.

Roodlane Medical Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2021

1. ACCOUNTING POLICIES

The principal accounting policies adopted by the company are set out below and are consistent with the previous year.

Statement of compliance

Roodlane Medical Limited is a company incorporated in England.

The company's financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the company for the year ended 31 December 2021.

The results of Roodlane Medical Limited are included in the consolidated financial statements of HCA Healthcare Inc., a company incorporated in the United States of America.

Basis of preparation

The financial statements were authorised for issue by the Board of Directors on 15 December 2022.

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The financial statements are prepared in sterling which is the functional currency of the company, and rounded to the nearest £'000.

The company has taken advantage of the following exemptions under FRS 102:

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

Basis of measurement

The financial statements have been prepared on the historical cost basis.

Going concern

HCA UK Holdings Limited ('HCA UK') as an organisation manages its cash position centrally, providing access to funding for all its subsidiaries as and when required. Roodlane Medical Limited is a subsidiary within the HCA UK group. The availability of cash is central to the group's survival and management has considered cash flow forecasts to be a key component of their assessment. Roodlane Medical Limited has received assurances that HCA UK will continue to provide sufficient cash resources to meet liabilities as they fall due from the date of signing these financial statements to the end of December 2023. A letter of support has been obtained from HCA UK, confirming it will continue to support the company for this period.

As cash is managed centrally, the directors have considered the going concern assessment for the HCA UK group of companies collectively. The following sets out how they have assessed this and its relevance for Roodlane Medical Limited.

HCA UK group has seen very strong cash flow throughout 2021 and has no external debt within the UK group. A detailed monthly cash flow forecast has been prepared until December 2023, in which a steady cash inflow is expected which is expected to leave HCA UK with a positive cash balance throughout the forecast period to December 2023. The HCA UK cash flow is dependent on the following factors and assumptions:

- Cash collections which will arise from the collection of our outstanding accounts receivables from our three main sectors: Private Medical Insurance, Embassy and Self Pay. Projected cash collections are linked to estimated net revenues and linked to the age of outstanding accounts receivable and how they crystallize into cash.
- Revenue is being earned consistently in the group. This is forecast to continue throughout 2022 and into 2023.
- The projection for accounts payable based on a sample of weekly accounts payable payments batches to determine how long, on average it takes for HCA to settle its third-party creditors. The output of this calculation is then applied to the cash expenses already incurred.
- Other costs were based on the recent projection of earnings and an analysis of invoices and standing orders.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

at 31 December 2021

1. ACCOUNTING POLICIES (CONTINUED)

Going concern (continued)

Based on management's detailed cash flow forecasting and assessment of severe downside scenarios, HCA UK has enough liquidity to continue in operational existence for the foreseeable future. On the basis of HCA UK's assessment of the group's financial position and their commitment to provide financial support if and when needed to Roodlane Medical Limited, the directors have a reasonable expectation that the entity will be able to continue in operational existence for the foreseeable future. Thus, no material uncertainties that cast significant doubt about the ability of the entity to continue as a going concern have been identified by the directors. Therefore, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Significant accounting judgements, estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the statement of financial position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following estimates are dependent upon assumptions which could change in the next financial year and have a material effect on the carrying amounts of assets and liabilities recognised at the balance sheet date:

Impairment

Where there are indicators of impairment of individual assets, the company performs impairment tests based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction on similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from past performance and future budgets and do not include restructuring activities that the company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.

Where there are indicators of impairment of trade and other receivables, the company performs an impairment review based on the aging of the individual balances outstanding and taking into account the probability of non-payment by the debtors.

Provision for discounts

The company provides a wide range of treatments and services to patients with private medical insurance. Management assesses the contractual agreements and makes estimates regarding expected discounts and rebates, which are revisited on a regular basis for reasonableness.

Revenue and trade debtors is reported net of the provisions made for such discounts and rebates, refer to note 2 and 12.

Significant accounting policies

Revenue

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty.

Rendering of services

When the outcome of a transaction involving the rendering of services can be measured reliably, an entity shall recognise revenue associated with the transaction by reference to the stage of completion of the transaction at the end of the reporting period.

Revenue consists primarily of net healthcare service revenues that are recorded based upon established billing rates less allowances for contractual adjustments. Estimates of contractual allowances under managed healthcare plans are based upon terms specified in the related contractual agreement.

Revenue is recorded during the period the services are provided.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

at 31 December 2021

1. ACCOUNTING POLICIES (CONTINUED)

Significant accounting policies (continued)

Intangible assets and amortisation

Intangible assets within the company consist of software licenses.

Software licenses are stated at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is calculated to write off the cost of an asset on a straight line basis over the useful economic life of that asset as follows:

Software licenses	25% per annum
-------------------	---------------

The carrying value of intangible assets is reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Provision for depreciation is made so as to write off the cost of tangible fixed assets, when in their intended use, on a straight line basis over the expected useful economic lives of the fixed assets concerned. The principal annual rates used for this purpose are:

Leasehold improvements	–	10% per annum
Equipment, furniture and fittings	–	between 5% and 25% per annum

Leasehold land and buildings are amortised over 40 years, or the period of the lease, whichever is less.

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Inventory

Inventory which consist mainly of drugs and consumable stores, are stated at the lower of invoiced cost and estimated selling price less costs to complete and sell. Inventory is recognised as an expense in the period in which the related revenue is recognised. Provision is made where necessary for obsolete, slow moving and defective inventories.

Taxation

Current tax is provided as amounts expected to be paid (or recovered) using the tax rate and laws that have been enacted or substantively enacted by the statement of financial position date.

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date where transactions or events that result in an obligation to pay more or a right to pay less tax in the future have occurred at the statement of financial position date.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying time difference can be deducted.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which the timing differences reverse, based on tax rates and laws enacted or substantively enacted at the statement of financial position date.

1. ACCOUNTING POLICIES (CONTINUED)

Significant accounting policies (continued)

Financial Assets

Initial recognition and measurement

The company determines the classification of its financial assets at initial recognition. All financial assets are recognised initially at fair value plus directly attributable transaction costs.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance revenue in the statement of comprehensive income. The losses arising from impairment are recognised in the statement of comprehensive income in administrative expenses.

Derecognition of financial assets

A financial asset is derecognised when (i) the rights to receive cash flows from the asset have expired or (ii) the company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass through” arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The company assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired. If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced, with the amount of the loss recognised in administrative expenses.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the statement of comprehensive income, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

Financial liabilities

Initial recognition and measurement

The company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

Interest bearing loans and borrowings

Obligations for loans and borrowings are recognised when the company becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance revenue and finance cost.

Derecognition of financial liabilities

A liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

Roodlane Medical Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) at 31 December 2021

1. ACCOUNTING POLICIES (CONTINUED)

Significant accounting policies (continued)

Operating lease commitments

The company has entered into a commercial property lease as a lessee. The property is used for the provision of its principal activities as discussed in the Strategic Report. The classification of such lease as an operating or finance lease requires the company to determine, based on an evaluation of the terms and conditions of the arrangement, whether it retains or acquires the significant risks and rewards of ownership of this asset and accordingly whether the lease requires an asset and liability to be recognised in the statement of financial position. The directors concluded that the lease qualified for treatment as an operating lease.

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

A provision is recognised to cover dilapidations on buildings leased by the company, as required in the leasing agreement. The amount recognised is management's best estimate of the costs likely to be incurred in carrying out the remedial work required.

Pension costs

The contributions to the HCA International Limited Staff Retirements Benefits Scheme, a defined contribution scheme, are charged to the statement of comprehensive income as they become payable with the rules of the scheme, as the company is only required to make contributions for the regular cost and therefore accounts for its contributions on a defined contribution basis.

2. REVENUE

Revenue is attributable to continuing operations and was derived from one principal activity, the provision of healthcare services within the United Kingdom.

	2021	2020
	£000	£000
Rendering of services	39,182	19,762
	<u>39,182</u>	<u>19,762</u>

3. OPERATING PROFIT/(LOSS)

This is stated after charging the following:

	2021	2020
	£000	£000
Depreciation of owned fixed assets	482	478
Amortisation – intangible fixed assets	38	40
Operating lease costs - buildings	1,316	1,537
Inventory recognised as an expense	<u>4,204</u>	<u>396</u>

The auditor of the company is also the auditor of HCA International Limited and is remunerated in respect of their services to the company by HCA International Limited. The audit fee for the company was £22,100 (2020: £20,900). There were no non-audit fees during the year (2020: £nil).

Roodlane Medical Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

at 31 December 2021

4. DIRECTORS' REMUNERATION

The directors of the company are also directors of the holding company and fellow subsidiaries. The directors received total remuneration for the year of £2,541,000 (2020: £2,424,000), all of which was paid by the holding company. The directors do not believe that it is practicable to apportion this amount between their services as directors of the company and their services as directors of the holding and fellow subsidiary companies.

	2021 £000	2020 £000
Emoluments (excluding pension contributions)	2,541	2,424
Company contributions paid to defined benefit pension scheme	42	37

During the year one (2020: nil) director exercised share options.

	2021 No.	2020 No.
Members of money purchase pension scheme	-	-
Members of defined benefit pension scheme	2	3

Highest paid director:

	2021 £000	2020 £000
Emoluments (excluding pension contributions)	933	922
Company contributions paid to defined benefit pension scheme	-	-

During the year the highest paid director exercised share options.

5. STAFF COSTS

	2021 £000	2020 £000
Wages and salaries	15,528	13,703
Social security costs	1,672	1,483
Other pension costs	673	577
	17,873	15,763

The average monthly number of employees, during the year, excluding directors who are not directly employed by the company was 273 (2020: 226).

Roodlane Medical Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

at 31 December 2021

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2021 £000	2020 £000
Interest on intercompany receivable	-	14
	<u>-</u>	<u>14</u>

7. INTEREST PAYABLE AND OTHER FINANCIAL EXPENDITURE

	2021 £000	2020 £000
Unwinding of discount on dilapidation provision	45	52
Interest on intercompany payable	19	-
Other interest payable	14	-
	<u>78</u>	<u>52</u>

8. TAXATION ON PROFIT/ (LOSS) ON ORDINARY ACTIVITIES

(a) Analysis of tax charge/(credit) in the year:

	2021 £000	2020 £000
UK current tax:		
UK corporation tax	-	-
Tax over provided in prior years	-	(148)
Total current tax	<u>-</u>	<u>(148)</u>
UK deferred tax:		
Origination and reversal of timing differences	(51)	(14)
Effect of changes in tax rates	(55)	14
Total deferred tax	<u>(106)</u>	<u>-</u>
Tax credit on profit/(loss) on ordinary activities	<u>(106)</u>	<u>(148)</u>

Roodlane Medical Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

at 31 December 2021

8. TAXATION ON PROFIT/ (LOSS) ON ORDINARY ACTIVITIES (CONTINUED)

(b) Factors affecting current tax charge/(credit):

The tax assessed on the profit/(loss) on ordinary activities for the year is higher/lower than the standard rate of corporation tax in the United Kingdom of 19 % (2020: 19%). The differences are reconciled below:

	2021	2020
	£000	£000
Profit / (Loss) on ordinary activities before tax	2,698	(3,134)
Profit / (Loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2020: 19%)	513	(595)
<i>Effect of:</i>		
Disallowed expenses and other permanent differences	69	87
Prior period adjustment to deferred tax	(48)	(15)
Group relief	(585)	523
Effect of rate changes	(55)	-
Tax (over) / under provided in previous years	-	(148)
Total tax credit for the year	<u>(106)</u>	<u>(148)</u>

(c) Factors that may affect future tax charges:

In the 2021 budget, the Chancellor of the Exchequer proposed to increase the standard rate of corporation tax from the current rate of 19% to 25%, effective 1 April 2023. The change was substantively enacted on 24 May 2021, and therefore has impacted the carrying value of deferred tax assets and liabilities in the financial statements.

(d) Deferred taxation:

	2021	2020
	£000	£000
Asset at the beginning of the year	123	123
Profit and loss credit for the year	106	-
Asset at the end of the year	<u>229</u>	<u>123</u>

A deferred tax asset has been recognised in relation to fixed asset timing differences as it is in the opinion of the directors that there will be suitable taxable gains available in the foreseeable future. The company expects deferred tax assets of £62,500 (2020: £38,800) to reverse in 2022 as capital allowances reduce.

Roodlane Medical Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

at 31 December 2021

9. INTANGIBLE ASSETS

	<i>Software licenses £000</i>
<i>Cost</i>	
At 1 January 2021	150
At 31 December 2021	<u>150</u>
<i>Amortisation</i>	
At 1 January 2021	21
Charge	38
At 31 December 2021	<u>59</u>
<i>Net book value</i>	
At 31 December 2021	<u>91</u>
At 31 December 2020	<u>129</u>

Software licenses represent the costs incurred in acquiring and maintaining the medical booking system used at Roodlane Medical Limited. It is being amortised over four years.

10. TANGIBLE FIXED ASSETS

	<i>Short leasehold land & buildings £000</i>	<i>Leasehold improvements £000</i>	<i>Equipment, furniture and fittings £000</i>	<i>Construction in progress £000</i>	<i>Total £000</i>
<i>Cost</i>					
At 1 January 2021	528	4,942	608	40	6,118
Additions	-	-	-	82	82
Transfers	-	-	54	(54)	-
Disposals	-	-	(278)	-	(278)
At 31 December 2021	<u>528</u>	<u>4,942</u>	<u>384</u>	<u>68</u>	<u>5,922</u>
<i>Depreciation</i>					
At 1 January 2021	528	2,886	457	-	3,871
Charge for the year	-	356	126	-	482
Disposals	-	-	(275)	-	(275)
At 31 December 2021	<u>-</u>	<u>3,242</u>	<u>308</u>	<u>-</u>	<u>4,078</u>
<i>Net book value</i>					
At 31 December 2021	<u>-</u>	<u>1,700</u>	<u>76</u>	<u>68</u>	<u>1,844</u>
At 31 December 2020	<u>-</u>	<u>2,056</u>	<u>151</u>	<u>40</u>	<u>2,247</u>

Roodlane Medical Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

at 31 December 2021

11. INVENTORY

	2021 £000	2020 £000
Medical supplies	68	146

12. DEBTORS

	2021 £000	2020 £000
Trade debtors	12,312	4,499
Other debtors	820	271
Deferred tax asset (note 8d)	229	123
Prepayments and accrued income	693	709
	14,054	5,602

13. CREDITORS: amounts falling due within one year

	2021 £000	2020 £000
Trade creditors	92	91
Amounts owed to parent undertakings – trading	4,339	2,722
Overdraft	24	-
Accruals and deferred income	5,707	2,450
	10,162	5,263

Amounts owed to parent and other group undertakings are all payable on demand with no set repayment date. The effective interest rate across the trading balances for the year was 2.3%.

14. PROVISIONS FOR LIABILITIES AND CHARGES

	Provision for dilapidations £000	Malpractice reserve £000	Total provisions £000
Provisions at the start of the year	771	-	771
Arising during the year	-	250	250
Release of provision	(65)	-	(65)
Unwinding of discount	45	-	45
Provisions at the end of the year	751	250	1,001

The dilapidation provision represents amounts provided for on the expected costs of exiting leased properties. The increase in the provision arose as a result of management updating their assessment of future costs which will be incurred on restoring the properties back to their original condition.

Roodlane Medical Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

at 31 December 2021

15. RELATED PARTY TRANSACTIONS

During the year, the company entered into transactions, in the ordinary course of business, as follows:

<i>Related Party (Relationship)</i>	<i>Transactions during the year</i>	<i>2021 £000</i>	<i>2020 £000</i>
HCA International Limited (Immediate Parent)	Interest on intercompany (payable)/receivable	(19)	14

<i>Related Party</i>	<i>Closing balance at year end</i>	<i>2021 £000</i>	<i>2020 £000</i>
HCA International Limited	Amounts owed to parent undertakings – trading	(4,339)	(2,722)

16. FINANCIAL INSTRUMENTS

	<i>2021 £000</i>	<i>2020 £000</i>
<i>Financial assets that are debt instruments measured at amortised cost</i>		
Trade debtors	12,312	4,499
Other debtors	820	271
	<u>13,132</u>	<u>4,770</u>

	<i>2021 £000</i>	<i>2020 £000</i>
<i>Financial liabilities measured at amortised cost</i>		
Trade creditors	92	91
Overdraft	24	-
Accruals	4,921	2,209
Amounts owed to parent undertakings – trading	4,339	2,722
	<u>9,376</u>	<u>5,022</u>

17. SHARE CAPITAL

	<i>2021 No.</i>	<i>2020 No.</i>	<i>2021 £000</i>	<i>2020 £000</i>
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £0.01 each	4,503,222	4,503,222	45	45
Ordinary 'A' shares of £0.01 each	500,358	500,358	5	5
	<u>5,003,580</u>	<u>5,003,580</u>	<u>50</u>	<u>50</u>

Roodlane Medical Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

at 31 December 2021

18. OBLIGATIONS UNDER LEASES

Future minimum rentals payable under non-cancellable operating leases where the company is a lessee are as follows:

	2021	2020
	£000	£000
Not later than one year	1,348	1,595
Later than one year and not later than five years	3,889	5,152
Later than five years	2,479	3,383
	<u>7,716</u>	<u>10,130</u>

19. PENSION COMMITMENTS

Defined contribution scheme

The company participates in a group defined contribution scheme in the UK, the HCA International Limited Staff Retirement Benefits Scheme. The pension cost for the year was £673,000 (2020: £577,000). There were no outstanding contributions as at 31 December 2021 (2020: nil).

20. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent company is HCA International Limited, a company incorporated in the UK.

The company's ultimate parent undertaking is HCA Healthcare Inc., which is incorporated in the United States of America. HCA Healthcare Inc. is the smallest and largest group of which the company is a member and for which group financial statements are prepared. Copies of the parent's consolidated accounts may be obtained from HCA, Investor Relations, One Park Plaza, I-4W, Nashville, TN 37203, USA.