

Company Registration No. 03130118 (England and Wales)

SPENCER PRIVATE HOSPITALS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

SPENCER PRIVATE HOSPITALS LIMITED

COMPANY INFORMATION

Directors	D Daw N M Goodger A Andreou S K P Reynolds H F Risebrow E M C Coles J Jenner S J Baird	(Appointed 20 April 2020) (Appointed 1 September 2021) (Appointed 1 September 2021) (Appointed 1 November 2021)
Secretary	D Otite	
Company number	03130118	
Registered office	Units 2 & 4 Almond House Betteshanger Road Deal Kent CT14 0EN	
Auditor	Grant Thornton UK LLP Statutory Auditor & Registered Accountants 2nd Floor St John's House Haslett Avenue West Crawley RH10 1HS	
Business address	The Spencer Wing Ramsgate Road Margate Kent United Kingdom CT9 4BG	

SPENCER PRIVATE HOSPITALS LIMITED

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SPENCER PRIVATE HOSPITALS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2021

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

Fair review of the business

The principal activity of the company continues to be the provision of private hospital services within east Kent. The original site in Margate, within the grounds of Queen Elizabeth & Queen Mother Hospital, Margate, Kent, consists of a first floor twenty-two bedroom inpatient facility, with outpatient facilities on the ground floor and its own hospital entrance. The Ashford hospital site, consisting of an inpatient facility which opened in 2008 and an outpatient facility which opened in 2016, and situated within the grounds of the William Harvey Hospital, Ashford, Kent, currently consists of a four bedroom inpatient facility on the upper level within the main hospital, with a separate outpatient facility and its own hospital entrance situated on the ground floor.

In November 2019 the company opened an outpatient facility in Canterbury, within the grounds of Kent & Canterbury Hospital, Canterbury, Kent.

All three sites are located within the grounds of NHS hospitals owned by the ultimate parent undertaking, East Kent Hospital University NHS Foundation Trust.

The end of the previous financial year coincided with the implementation of lockdown measures & the start of a period of widespread economic uncertainty throughout the United Kingdom, as a result of the COVID-19 pandemic. The company entered into a contract with NHS England for the duration of the year ending 31 March 2021, adapting business activities & resources to best meet the needs of the NHS response to the pandemic whilst maintaining private services where possible.

Despite the rapidly moving challenges faced during what has been a difficult period for businesses in all industries, a profit was achieved for the year.

Key to the company's success during this period have been the swift actions of the senior management team in response to often unforeseen & rapidly changing worker & business needs, a focus on worker wellbeing & the efforts of staff across the organisation to ensure the smooth running of operations throughout the pandemic.

Other important factors include the company's consistently high quality standards across all facilities, with enhanced infection control & social distancing measures in place since the beginning of the pandemic & the continued endorsement of Care Quality Commission (CQC) accreditation; the focus of an engaged senior management team on training & continuous development of staff, in conjunction with the company's Investors in People accreditation; good working relationships with a large cross-section of consultants and medical professionals spanning a wide variety of specialities; and good working relationships maintained with business partners both within and external to the NHS. The company's unique business model as a private limited company fully owned by the local NHS trust delivering all financial profits to the NHS also brings revenues and profits from private business streams into the NHS and has allowed the company to move swiftly in response to NHS needs during the pandemic.

SPENCER PRIVATE HOSPITALS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Principal risks and uncertainties facing the business

Management continually monitor the key risks facing the company, together with assessing the controls used & actions necessary in managing these risks. The board of directors formally reviews and documents the principal risks facing the business at least annually. At the beginning of the pandemic a full review of risks arising from the COVID-19 pandemic was carried out, including the potential impact on the company's pre-existing risks. These risks have been subject to continuous monitoring with processes in place to identify new risks as they have arisen throughout the pandemic.

The principal risks and uncertainties facing the company are as follows:

- COVID-19 pandemic – the company conducted a comprehensive review of the risks caused by the pandemic in its early stages and continues to monitor the risks identified to date as well as being mindful of any emerging risks. A number of measures have been implemented to address these risks including additional infection control & social distancing measures & implementing remote working for admin staff. Significant areas include possible restrictions on hospital activity, changes to customer requirements, staff well-being and accessibility of staff to the hospital sites.
- Economic downturn – the company acknowledges the importance of maintaining close relationships with its key customers in order to be able to identify the early signs of potential difficulties. With NHS contracts currently a key income stream, the company works closely with the local NHS trust and CCGs to maintain good working relationships and frequent dialogue in order to best meet the needs of these customers and encourage early identification of potential issues or anticipated downturn in activity
- Competitor pressure – the company reviews sales pricing and costs on a continuous basis in order to maintain competitive pricing for all customers and meet the changing needs of customers whilst maintaining profitability alongside high quality standards. Maintaining high quality standards and strong relationships with key customers is also a key factor in minimising competitor pressure.
- Skilled & content workforce - Ensuring that staff training and skill needs are met is a significant priority for the company. Staff well-being is also a key focus. Measures have been put in place to ensure that staff feel valued and connected to their managers & colleagues, continue to feel safe in their working environments and do not encounter unnecessary additional stress during the pandemic.
- Software - Systems are continuously reviewed and updated as necessary to ensure that they are reliable and meet the needs of the business. The benefits of this were seen when staff were moved, where possible, to home working at the outbreak of the pandemic.
- Reliance on key suppliers – the company's purchasing activities could expose it to over-reliance on certain suppliers and inflationary pricing measures. The company manages this risk by ensuring there is enough breadth in its supplier base and regularly reviews costs to identify areas where alternative suppliers should be sought.
- Brexit - the company continuously reviews its business interruption planning and has undertaken a comprehensive review in relation to the potential impact of Brexit. Significant areas include planning around logistics, workforce supply and procurement of drugs & hospital supplies.

Development and financial performance during the year

As reported in the company's statement of comprehensive income on page 12 turnover has reduced by £3.2m from £15.9m to £12.7m during the year. However, it should be noted that the adaptation of service provision to meet the requirements of the NHS COVID-19 pandemic response resulted in both a reduction in income and costs during the year. Cost of sales reduced by £3.6m, from £14.1m to £10.5m. Therefore, the change in gross profit margin and profit for the year have not been negatively impacted by the reduction in income.

SPENCER PRIVATE HOSPITALS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Key performance indicators

Management use a range of performance measures to monitor and manage the business. The KPIs used to determine the progress and performance of the company are set out below:

Gross profit margin – A gross profit margin of 18% has been achieved (Prior year: 11%)

PLACE Inspection – Excellent (2020: Excellent)

Infection Rates – Zero (2020: Zero)

CQC Inspection – Good rating and no improvements noted (2019: Good rating and no improvements noted). In line with Covid protocol CQC Engagement meetings have taken place regularly during the past years with no issues raised.

ISO9001:2015 – Maintained (2020: Maintained)

ISO14001:2015 – Maintained (2020: Maintained)

Investors in People – Maintained (2020: Maintained)

Financial position at the reporting date

The balance sheet shows that the company's net assets at the year end have increased from £4.4m to £4.7m. The company has invested £196K (2020: £54K) in tangible fixed assets in the year.

On behalf of the board

.....
D Daw
Director

Date:

SPENCER PRIVATE HOSPITALS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2021

The directors present their annual report and financial statements for the year ended 31 March 2021.

Principal activities

The principal activity of the company continued to be the provision of private hospital services for both inpatients and outpatients on the grounds of the NHS Queen Elizabeth & Queen Mother Hospital in Margate, Kent and the NHS William Harvey Hospital in Ashford, Kent. In the previous year the company had also opened outpatient facilities within Kent and Canterbury Hospital in Canterbury, Kent. Due to the Coronavirus pandemic operating theatres were converted to intensive care units for the early part of the year, and efforts were heavily focused on assisting the NHS to fully utilise available resources to meet patient needs during this difficult period. The facilities at Canterbury were closed for a significant period of the year in order to make the space available to the local NHS Trust.

Future Developments

The facilities at Canterbury have been reopened and operating theatres are now fully functional. Ongoing enhanced infection control & social distancing measures are in place to ensure staff & patient safety as a result of the continued risk of Coronavirus. The company has seen an increased demand for all services as normal activity has resumed. Staff wellbeing & retention of staff is a priority for the company whilst efforts also continue to strengthen relationships with medical professionals and to develop new relationships where possible. The company is keen to resume work on a number of development opportunities that have had to be put on hold during the pandemic.

Directors

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

D Daw	
N M Goodger	
A Andreou	
H Munro	(Resigned 1 September 2021)
K N Palmer	(Resigned 1 July 2020)
S K P Reynolds	
H F Risebrow	(Appointed 20 April 2020)
E M C Coles	(Appointed 1 September 2021)
J Jenner	(Appointed 1 September 2021)
S J Baird	(Appointed 1 November 2021)

Results and dividends

The results for the year are set out on page 12.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Political donations

During the year, Spencer Private Hospitals Limited made no political donations.

Financial instruments

The company's principal financial instruments comprise trade debtor balances, bank balances, loans and trade creditors. The main purpose of these instruments is to finance the company's operations.

Trade debtors and trade creditor liquidity risks are managed by ensuring credit terms are adhered to and liquid funds are available when needed.

Loans are managed to ensure liquid funds are available to meet cash flow needs.

SPENCER PRIVATE HOSPITALS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Auditor

In accordance with section 485 of the Companies Act 2006, a resolution proposing that Grant Thornton UK LLP be re-appointed will be put forward to the Board at a General Meeting.

Statement of disclosure to auditor

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

SPENCER PRIVATE HOSPITALS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Going concern

At the time of approving the financial statements, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

Although the Company enjoys a close relationship with the ultimate parent, East Kent Hospitals University NHS Foundation Trust, the Company manages its cash flow independently and does not seek financial support from the Trust.

The Trust continues to be in special measures (under NHS England's Special Measures regime). Although the Company is not dependent on the Trust for financial support, and although it was not the case during this year, it must be acknowledged that under normal trading arrangements a proportion of the Company's turnover stems from the Trust.

On the 30 January 2020, the World Health Organisation (WHO) declared Covid-19 as a 'Public Health Emergency of International Concern'. During the year commencing March 2020 up to the end of March 2021 the company has adapted its services to enter into a contract with NHS England in order to provide support to the NHS & make best use of clinical resources during the pandemic. Since the outbreak of the pandemic the Directors have worked with the Senior Management Team to ensure a full awareness of the full implications of the pandemic as well as the challenges and opportunities that it poses for the company. The Directors have considered the impact of the pandemic within the going concern assessment. The Directors do not consider any adjustments to the reported financial information to be required in relation to this and no adjusting post balance sheet events as a result have been identified.

The Directors have reviewed the commercial performance of the Company and the risk to the business regarding returning to normal operations post Covid-19, considering severe but plausible scenarios. The Directors have considered the strong relationship with the ultimate parent in regard to providing services, including theatre access, pathology and diagnostic services, the resumption of service provision to Kent and Medway CCG as of 1 April 2021 after receipt of an initial six-month contract and letter of intent to extend the contract to March 2022 from the CCG, the resumption of service provision under direct contract from the NHS Trust as of 1 April 2021, the continuation of the community eye contract throughout the pandemic and the increased demand for private healthcare services since April 2021. Having considered these factors the Directors are confident that the risks derived from this type of event can reasonably be regarded by the Directors as manageable business risks.

The going concern assessment also includes consideration for the impact of the United Kingdom leaving the European Union. The impact of Brexit is not expected to have a significant future impact on the Company.

The Directors have reviewed the financial forecasts together with the underlying assumptions under which have been prepared which is at least, but not limited to, twelve months from the date when the financial statements are authorised for issue. The Directors have satisfied themselves that the assumptions are fair and reasonable and reflect the prospects for the business.

Whilst all expectations of the future are inherently uncertain due to the current circumstances, after making enquiries the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to prepare the financial statements on a going concern basis.

On behalf of the board

D Daw

Director

7 December 2021

SPENCER PRIVATE HOSPITALS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2021

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

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. They are also responsible 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.

SPENCER PRIVATE HOSPITALS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SPENCER PRIVATE HOSPITALS LIMITED

Opinion

We have audited the financial statements of Spencer Private Hospitals Limited (the 'company') for the year ended 31 March 2021 which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 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

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

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.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

SPENCER PRIVATE HOSPITALS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SPENCER PRIVATE HOSPITALS LIMITED

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of 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 the directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

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 the directors' report.

Matters on which we are required to report by exception

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 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 for the financial statements

As explained more fully in the directors' responsibilities statement, 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.

SPENCER PRIVATE HOSPITALS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SPENCER PRIVATE HOSPITALS LIMITED

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.

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

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 material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (FRS 102, the Companies Act 2006, Care Quality Commission Regulations and the relevant tax compliance regulations in the UK);
- We understood how the Company is complying with those legal and regulatory frameworks by making inquiries of management and those charged with governance. We corroborated our inquiries through our review of board minutes provided by management;
- We did not identify any matters relating to non-compliance with laws and regulation or relating to fraud;
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by meeting with management from relevant parts of the business to understand areas where management considered there was a susceptibility to fraud. We also considered performance targets and their influence on efforts made by management for personal interest of the Directors;
- Audit procedures performed by the engagement team on the areas where fraud might occur included:
 - evaluation of the effectiveness of management's controls designed to prevent and detect irregularities;
 - journal entries testing, with a focus on unauthorised user entries, senior finance personnel postings and entries determined to be large or relating to unusual transactions;
 - identifying and testing related party transactions;
 - test of details and NHS England contract costs review to detect unusual and fictitious revenue transactions; and
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;

SPENCER PRIVATE HOSPITALS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SPENCER PRIVATE HOSPITALS LIMITED

- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
 - knowledge of the industry in which the company operates
 - understanding of the legal and regulatory requirements specific to the company.
- Team communications in respect of potential non-compliance with laws and regulations and fraud included the potential fraud in revenue recognition through the inflation of revenue
- In assessing the potential risk of material misstatement, we obtained an understanding of:
 - The company's operations, including the nature of its revenue sources and services to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risk of material misstatement; and
 - The company's control environment, including:
 - Management's knowledge of relevant laws and regulations and how the company is complying with those laws and regulations;
 - The adequacy of procedures for authorisation of transactions; and
 - Procedures to ensure that possible breaches of law and regulations are appropriately resolved.

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.

Adam Terry BSc ACA
Senior Statutory Audit
For and on behalf of Grant Thornton UK LLP
Chartered Accountants
Statutory Audit, Chartered Accountant
Crawley

7 December 2021

SPENCER PRIVATE HOSPITALS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	2020 £
Turnover	3	12,704,977	15,858,421
Cost of sales		(10,457,383)	(14,133,678)
Gross profit		<u>2,247,594</u>	<u>1,724,743</u>
Administrative expenses		(1,996,516)	(1,486,930)
Other operating income	3	<u>113,623</u>	<u>64,830</u>
Operating profit	4	364,701	302,643
Interest receivable and similar income	8	875	2,539
Interest payable to group undertakings	7	(24,250)	(45,813)
Other interest payable and similar expenses	7	<u>-</u>	<u>(3,483)</u>
Profit before taxation		341,326	255,886
Tax on profit	9	<u>(85,447)</u>	<u>(79,324)</u>
Profit for the financial year		<u><u>255,879</u></u>	<u><u>176,562</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

The notes on pages 14 to 29 form part of these financial statements.

SPENCER PRIVATE HOSPITALS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2021

	2021	2020
	£	£
Profit for the year	255,879	176,562
Other comprehensive income	-	-
Total comprehensive income for the year	<u>255,879</u>	<u>176,562</u>

The notes on pages 14 to 29 form part of these financial statements.

SPENCER PRIVATE HOSPITALS LIMITED

BALANCE SHEET

AS AT 31 MARCH 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Intangible assets	10	6,220		8,312	
Tangible assets	11	4,339,276		4,311,386	
		<u>4,345,496</u>		<u>4,319,698</u>	
Current assets					
Stocks	12	29,014		215,244	
Debtors	13	2,373,718		3,658,268	
Cash at bank and in hand		1,931,127		1,175,448	
		<u>4,333,859</u>		<u>5,048,960</u>	
Creditors: amounts falling due within one year	14	(2,979,343)		(3,917,888)	
Net current assets		<u>1,354,516</u>		<u>1,131,072</u>	
Total assets less current liabilities		<u>5,700,012</u>		<u>5,450,770</u>	
Creditors: amounts falling due after more than one year	15	(889,464)		(914,148)	
Provisions for liabilities	17	(127,836)		(109,789)	
Net assets		<u><u>4,682,712</u></u>		<u><u>4,426,833</u></u>	
Capital and reserves					
Called up share capital	19	560,000		560,000	
Revaluation reserve	20	2,602,994		2,602,994	
Profit and loss reserves	21	1,519,718		1,263,839	
Total equity		<u><u>4,682,712</u></u>		<u><u>4,426,833</u></u>	

The financial statements were approved by the board of directors and authorised for issue on 7 December 2021 and are signed on its behalf by:

D Daw
Director

Company Registration No. 03130118

The notes on pages 14 to 29 form part of these financial statements.

SPENCER PRIVATE HOSPITALS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

	Share capital	Revaluation reserve	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 April 2019	560,000	2,602,994	1,087,277	4,250,271
Year ended 31 March 2020: Profit and total comprehensive income for the year	-	-	176,562	176,562
Balance at 31 March 2019	560,000	2,602,994	1,263,839	4,426,833
Year ended 31 March 2021: Profit and total comprehensive income for the year	-	-	255,879	255,879
Balance at 31 March 2021	560,000	2,602,994	1,519,718	4,682,712

The notes on pages 14 to 29 form part of these financial statements

SPENCER PRIVATE HOSPITALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

Company information

Spencer Private Hospitals Limited is a private company limited by shares incorporated in England and Wales. The registered office is Units 2 & 4 Almond House, Betteshanger Road, Betteshanger, Deal, Kent, CT14 0EN.

1.1 Accounting policies

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 £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties at fair value. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 3 'Financial Statement Presentation' paragraph 3.17(d);
- Section 11 'Basic Financial Instruments' paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of East Kent Hospitals University NHS Foundation Trust. These consolidated financial statements are available from its registered office, Trust Offices, Kent & Canterbury Hospital, Ethelbert Road, Canterbury, Kent, CT1 3NG.

SPENCER PRIVATE HOSPITALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

1.2 Going concern

At the time of approving the financial statements, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

Although the Company enjoys a close relationship with the ultimate parent, East Kent Hospitals University NHS Foundation Trust, the Company manages its cash flow independently and does not seek financial support from the Trust.

The Trust continues to be in special measures (under NHS England's Special Measures regime). Although the Company is not dependent on the Trust for financial support, and although it was not the case during this year, it must be acknowledged that under normal trading arrangements a proportion of the Company's turnover stems from the Trust.

On the 30 January 2020, the World Health Organisation (WHO) declared Covid-19 as a 'Public Health Emergency of International Concern'. During the year commencing March 2020 up to the end of March 2021 the company has adapted its services to enter into a contract with NHS England in order to provide support to the NHS & make best use of clinical resources during the pandemic. Since the outbreak of the pandemic the Directors have worked with the Senior Management Team to ensure a full awareness of the full implications of the pandemic as well as the challenges and opportunities that it poses for the company. The Directors have considered the impact of the pandemic within the going concern assessment. The Directors do not consider any adjustments to the reported financial information to be required in relation to this and no adjusting post balance sheet events as a result have been identified.

The Directors have reviewed the commercial performance of the Company and the risk to the business regarding returning to normal operations post Covid-19, considering severe but plausible scenarios. The Directors have considered the strong relationship with the ultimate parent in regard to providing services, including theatre access, pathology and diagnostic services, the resumption of service provision to Kent and Medway CCG as of 1st April 2021 after receipt of an initial six-month contract and letter of intent to extend the contract to March 2022 from the CCG, the resumption of service provision under direct contract from the NHS Trust as of 1st April 2021, the continuation of the community eye contract throughout the pandemic and the increased demand for private healthcare services since April 2021. Having considered these factors the Directors are confident that the risks derived from this type of event can reasonably be regarded by the Directors as manageable business risks.

The going concern assessment also includes consideration for the impact of the United Kingdom leaving the European Union. The impact of Brexit is not expected to have a significant future impact on the Company.

The Directors have reviewed the financial forecasts together with the underlying assumptions under which they have been prepared which is at least, but not limited to, twelve months from the date when the financial statements are authorised for issue. The Directors have satisfied themselves that the assumptions are fair and reasonable and reflect the prospects for the business.

Whilst all expectations of the future are inherently uncertain due to the current circumstances, after making enquiries the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to prepare the financial statements on a going concern basis.

SPENCER PRIVATE HOSPITALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts is recognised at the fair value of the consideration received for those healthcare services provided in the normal course of business. Recognition of revenue & related costs is based on the date the service is provided.

1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	over 5 years
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1.5 Tangible fixed assets

Leasehold land and buildings are initially measured at cost and subsequently measured at valuation, net of depreciation and any impairment losses. Revaluation of leasehold land and buildings is carried out regularly, up to every five years.

The decision has been taken to revalue the leasehold land and buildings up to every five years, rather than up to every four years, as stated in previous financial statements, in order to bring the company into line with the policies of its ultimate parent company, East Kent Hospital University NHS Foundation Trust.

All other tangible fixed assets are measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	over 40.96 years
Plant and equipment	over 5 to 10 years depending on asset category

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

SPENCER PRIVATE HOSPITALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1.7 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

1.8 Cash and cash equivalents

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

1.9 Financial instruments - basic

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities.

Financial instruments are recognised in the company's balance sheet 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, which include debtors and cash and bank balances, 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. Financial assets classified as receivable within one year are not amortised.

SPENCER PRIVATE HOSPITALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

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.

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, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

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

1.10 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.

1.11 Taxation

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

SPENCER PRIVATE HOSPITALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

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 when the company has 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.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Leases

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

SPENCER PRIVATE HOSPITALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

1.15 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability. Grant income is not deducted from the related expense.

2 Judgements and key sources of estimation uncertainty

In the preparation and presentation of the company's financial statements, the directors are required to make judgements, estimates and assumptions that effect the amounts reported for assets and liabilities as at the balance sheet date and amounts reported in the profit and loss account and statement of comprehensive income. However, although the estimates and underlying assumptions are reviewed on an ongoing basis, actual results may differ from these estimates.

The following critical judgements are viewed to have the most significant effect on the amounts recognised in the statutory financial statements.

Estimation uncertainty - assessing the indicators of impairment

The Company considers whether leasehold land and building are impaired. Where an indication of impairment is identified, the recoverable value of the assets is estimated. Revaluation of leasehold land and buildings is carried out regularly, up to every five (previously four) years. In the prior year, the basis for the fair value determination including the necessary estimates involved is the valuation by independent real estate valuation experts using recognised valuation techniques. The fair value is assessed by using market-based evidence for similar properties sold in the local area. No valuation was carried out in the current year. After considering the local market, the Directors believe that the fair value of the properties did not materially change since prior year and remains appropriate.

Valuation of group loan balances

At the end of the reported accounting period an agreement was in place to reduce the balance of loans from group undertakings from £889,914 to £529,187 on the winding down of and transfer of assets of Healthex Ltd to East Kent Hospital University NHS Foundation Trust. However, as at the time of signing the financial statements the formal transfer of assets had not yet been completed, the balances on the old loans for a total value of £889,914 have been recognised in full.

The directors concluded that there are no other critical judgements made in applying the Company's accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the statutory accounts.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2021	2020
	£	£
Turnover analysed by class of business		
Rendering of services	12,704,977	15,858,421

SPENCER PRIVATE HOSPITALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

3 Turnover and other revenue (Continued)

	2021 £	2020 £
Other revenue		
Grants received	108,795	-
Other income	4,830	64,830
	<u>113,625</u>	<u>64,830</u>

Government grants represent amounts received in respect of the Coronavirus Job Retention Scheme and are recognised as the amounts become due.

	2021 £	2020 £
Turnover analysed by geographical market		
United Kingdom	12,704,977	15,858,421
	<u>12,704,977</u>	<u>15,858,421</u>

4 Operating profit

	2021 £	2020 £
Operating profit for the year is stated after charging:		
Fees payable to the company's auditor for the audit of the company's financial statements	37,920	31,800
Depreciation of owned tangible fixed assets	155,455	144,241
Depreciation of tangible fixed assets held under finance leases	-	6,206
Loss on disposal of tangible fixed assets	2,743	-
Amortisation of intangible assets	2,092	1,312
Operating lease charges	119,515	118,922
	<u>317,625</u>	<u>302,481</u>

In respect of operating lease charges, previous financial statements disclosed only the costs of property and land leases. The figures have been adjusted so they now reflect all operating lease costs and the adjustment has had no impact on the net profit or net asset values in the period.

5 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	172,950	152,560
Company pension contributions to defined contribution schemes	7,248	7,740
	<u>180,198</u>	<u>160,300</u>

The number of directors, who are also the key management personnel, for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2020 - 1).

SPENCER PRIVATE HOSPITALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021 Number	2020 Number
Management	13	12
Administration and clerical	56	60
Nursing and clinical	63	66
Hotel services	17	19
	<u>149</u>	<u>157</u>

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	4,363,081	4,306,521
Social security costs	353,338	340,045
Pension costs	94,445	91,917
	<u>4,810,864</u>	<u>4,738,483</u>

Additionally, wages and salaries include the cost of agency staff of £144,142 (2020: £1,206,964).

7 Interest payable and similar expenses

	2021 £	2020 £
Interest payable to group undertakings	24,250	45,813
Interest on finance leases and hire purchase contracts	-	3,359
Other interest	-	124
	<u>24,250</u>	<u>49,296</u>

Disclosed on the profit and loss account as follows:

Interest payable to group undertakings	24,250	45,813
Other interest payable and similar expenses	-	3,483
	<u></u>	<u></u>

8 Interest receivable and similar income

	2021 £	2020 £
Interest income		
Interest on bank deposits	875	2,539
	<u></u>	<u></u>

SPENCER PRIVATE HOSPITALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

9 Taxation

	2021 £	2020 £
Current tax		
UK corporation tax on profits for the current period	67,400	66,479
Deferred tax		
Origination and reversal of timing differences	18,047	12,845
Total tax charge	85,447	79,324

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

	2021 £	2020 £
Profit before taxation	341,326	255,886
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	64,852	48,618
Tax effect of expenses that are not deductible in determining taxable profit	1,175	183
Deferred tax adjustments in respect of prior years	-	(577)
Depreciation in excess of capital allowances	1,373	19,695
Deferred tax	18,047	11,405
Taxation charge for the year	85,447	79,324

10 Intangible fixed assets

	Goodwill £	Software £	Total £
Cost			
At 1 April 2020 and 31 March 2021	37,642	70,682	108,324
Amortisation and impairment			
At 1 April 2020	37,642	62,370	100,012
Amortisation charged for the year	-	2,092	2,092
At 31 March 2021	37,642	64,462	102,104
Carrying amount			
At 31 March 2021	-	6,220	6,220
At 31 March 2020	-	8,312	8,312

SPENCER PRIVATE HOSPITALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

11 Tangible fixed assets

	Leasehold land and buildings	Plant and equipment	Total
	£	£	£
Cost or valuation			
At 1 April 2020	4,356,163	865,624	5,221,787
Additions	-	196,498	196,498
Disposals	(10,410)	(47,499)	(57,909)
At 31 March 2021	4,345,753	1,014,623	5,360,376
Depreciation and impairment			
At 1 April 2020	207,312	703,089	910,401
Depreciation charged in the year	103,656	51,799	155,455
Eliminated in respect of disposals	-	(44,756)	(44,756)
At 31 March 2021	310,968	710,132	1,021,100
Carrying amount			
At 31 March 2021	4,034,785	304,491	4,339,276
At 31 March 2020	4,148,851	162,535	4,311,386

Land and buildings with a carrying amount of £4,034,785 were revalued at 31 March 2018 by Cushman and Wakefield, independent valuers not connected with the company on the basis of depreciated replacement cost. The valuation conforms to International Valuation Standards and was based on the cost of replacement of the asset with a modern equivalent. After considering the local market, the Directors believe that the fair value of the properties did not materially change since prior year and remain appropriate.

Leasehold land and buildings are carried at valuation. If leasehold land and buildings were measured using the cost model, the total amounts included would have been as follows:

	2021 £	2020 £
Cost	3,057,540	3,067,950
Accumulated depreciation	(1,571,809)	(1,468,153)
Carrying value	1,485,731	1,599,797

SPENCER PRIVATE HOSPITALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

12 Stocks

	2021 £	2020 £
Finished goods and goods for resale	29,014	215,244

13 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	1,401,567	2,480,296
Other debtors	14,986	-
Prepayments and accrued income	957,165	1,177,972
	2,373,718	3,658,268

14 Creditors: amounts falling due within one year

	Notes	2021 £	2020 £
Loans	16	450	5,511
Trade creditors		1,575,712	3,009,025
Corporation tax		67,400	66,479
Other taxation and social security		94,635	89,856
Other creditors		758,431	4,954
Accruals and deferred income		482,715	742,063
		2,979,343	3,917,888

The balance of other creditors at 31 March 2021 includes a total of £733,327 relating to debtor credits.

SPENCER PRIVATE HOSPITALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

15 Creditors: amounts falling due after more than one year

	Notes	2021 £	2020 £
Loans	16	-	45,884
Other borrowings	16	889,464	868,264
		<u>889,464</u>	<u>914,148</u>

Analysis of the maturity of loans is given below:

	2021	2020
Amounts due within one year		
Loans	450	5,511
Amounts falling due between one and five years		
Loans from group undertakings	389,996	441,054
Amounts falling due after more than five years		
Loans from group undertakings	499,468	473,094
	<u>889,914</u>	<u>919,659</u>

SPENCER PRIVATE HOSPITALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

16 Borrowings

	2021 £	2020 £
Loans	450	51,395
Loans from group undertakings	889,464	868,264
	<u>889,914</u>	<u>919,659</u>
Payable within one year	450	5,511
Payable after one year	<u>889,464</u>	<u>914,148</u>

The loan disclosed in the prior year was from East Kent Hospitals University NHS Foundation Trust and was repaid during the year ended 31 March 2021.

The loan from group undertakings was from Healthex Limited and was repayable over 20 years until March 2028 and incurred interest of 5%. East Kent Hospitals University NHS Foundation Trust as the direct parent of Healthex Limited and the ultimate parent of Spencer Private Hospitals Limited was also party to the loan agreement. On 29 September 2020 Healthex Limited was dissolved, causing a default event. Therefore, the loan became immediately repayable to East Kent Hospitals University NHS Foundation Trust. East Kent Hospitals University NHS Foundation Trust entered into an interest waiver and payment break with Spencer Private Hospitals Limited on 1 November 2020. On 1 March 2021 a new loan agreement for £532,154 incurring interest of 3% plus Bank of England Base Rate repayable over 10 years was entered into with East Kent Hospitals University NHS Foundation Trust. However, due to an unsatisfactory winding up of Healthex Limited, actions have been taken by East Kent Hospitals University NHS Foundation Trust to restore Healthex Limited. Therefore the directors of Spencer Private Hospitals Limited and East Kent Hospitals University NHS Foundation Trust have agreed a long term liability for the original loan amount should be shown in the financial statements for the year ending 31 March 2021 as whilst at the year-end Healthex Limited had been dissolved and a new loan agreement had been entered into, the actions taken to restore Healthex Limited could possibly require the reinstatement of the original loan liability with Healthex Limited.

SPENCER PRIVATE HOSPITALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

17 Provisions for liabilities - Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2021 £	2020 £
Balances:		
Accelerated capital allowances	127,836	109,789
	<u>127,836</u>	<u>109,789</u>
Movements in the year:		2021 £
Liability at 1 April 2020		109,789
Charge to profit or loss		18,047
		<u>127,836</u>
Liability at 31 March 2021		<u>127,836</u>

The deferred tax liability set out above is expected to reverse over the life of the qualifying assets and relates to accelerated capital allowances that are expected to mature within the same period.

18 Retirement benefit schemes

	2021 £	2020 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	94,445	91,917
	<u>94,445</u>	<u>91,917</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions totalling £18,817 (2020: £17,736) were payable to the fund at the balance sheet date and are included in creditors.

19 Share capital

	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	560,000	560,000	560,000	560,000
	<u>560,000</u>	<u>560,000</u>	<u>560,000</u>	<u>560,000</u>

Each £1 Ordinary share ranks pari passu with regard to voting and dividend rights.

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

20 Revaluation reserve

Where tangible fixed assets are revalued, the cumulative increase in the fair value of the property at the date of revaluation in excess of any previous impairment losses is included in the revaluation reserve.

SPENCER PRIVATE HOSPITALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

21 Profit and loss reserves

This reserve represents the accumulated profits and losses of the company.

22 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021 £	2020 £
Within one year	122,301	130,622
Between two and five years	568,905	454,156
In over five years	504,531	688,272
	<u>1,195,737</u>	<u>1,273,050</u>

Lessor

The operating leases represents the lease of part of the leasehold land and buildings to East Kent Hospitals University Foundation Trust.

At the reporting end date the company had contracted with tenants for the following minimum lease payments:

	2021 £	2020 £
Within one year	4,829	4,829
Between two and five years	19,316	19,316
In over five years	342,859	347,688
	<u>367,004</u>	<u>371,833</u>

23 Related party transactions

The company is a wholly owned member of East Kent Hospitals University NHS Foundation Trust and as such has taken advantage of the exemption permitted by Section 33 Related Party Disclosures, not to provide disclosures of transactions entered into with other wholly owned members of the Group.

SPENCER PRIVATE HOSPITALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

24 Ultimate controlling party

Spencer Private Hospitals Limited was fully owned by Healthex Limited, whose registered address was The Spencer Wing, Ramsgate Road, Margate, Kent, CT9 4BG. On 29 September 2020 Healthex Limited was dissolved, with its assets passing to the Crown as 'bona vacantia' (ownerless property). Therefore, the shares of Spencer Private Hospitals as at the year end and at the point the financial statements were approved by the board are bona vacantia (ownerless property). East Kent Hospitals University NHS Foundation Trust is undertaking the process of obtaining a court order to restore Healthex Limited, to enable the transfer of the shares of Spencer Private Hospitals Limited from Healthex Limited to East Kent Hospitals University NHS Foundation Trust.

During the period which Spencer Private Hospitals Limited's shares have been bona vacantia (ownerless property), East Kent Hospitals University NHS Foundation Trust has continued to govern the financial and operating policies of Spencer Private Hospitals Limited so as to obtain benefit from its activities. The directors have assessed the situation and have concluded that the ultimate controlling party of Spencer Private Hospitals Limited is East Kent Hospitals University NHS Foundation Trust, whose registered office address is Trust Offices, Kent & Canterbury Hospital, Ethelbert Road, Canterbury, Kent, CT1 3NG.

East Kent Hospitals University NHS Foundation Trust is also the parent company of the largest and smallest group for which the group accounts are prepared. The consolidated accounts of the group can be found at the registered office address above.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.