

## **Health Management (UCLH) Holdings Limited**

Annual report and financial statements  
for the year ended 31 December 2021

Registered number: 03765827



## **Annual report and financial statements for the year ended 31 December 2021**

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## **Directors, officers and advisors**

### **Directors**

JS Gordon

R Little

H O’Gorman

R Parekh

N Rae

### **Company secretary**

Semperian Secretariat Services Limited

### **Registered office**

Third Floor

Broad Quay House

Prince Street

Bristol

BS1 4DJ

United Kingdom

### **Independent auditor**

Deloitte LLP

Statutory Auditor

London

United Kingdom

### **Solicitors**

Dentons UK and Middle East LLP

Legal advisor

Edinburgh

United Kingdom

## **Strategic report**

For the year ended 31 December 2021

### **Strategic Review**

The principal activity of Health Management (UCLH) Holdings Limited (the “Company”) is to hold an investment in a company, Health Management (UCLH) Limited (“the Project”). On 12 July 2000, Health Management (UCLH) Limited entered into a Private Finance Initiative (“PFI”) concession contract with the University College London Hospitals NHS Foundation Trust (“the Trust”) to design, build, finance and operate a new hospital in London with a 40 year term.

Construction of the new hospital and associated facilities commenced in July 2000. On 19 April 2005, Health Management (UCLH) Limited handed over phase 1 of the hospital to the Trust and commenced the provision of all non-clinical services for which it has been receiving income from the Trust. Following completion of phase 1, construction of phase 2 of the hospital commenced. On 5 August 2008, Health Management (UCLH) Limited handed over phase 2 of the hospital to the Trust and commenced the provision of all non-clinical services in that phase, for which it has been receiving income from the Trust. Construction of phase 2 has been funded through a combination of capital grants from the Trust and operating cash flow of Health Management (UCLH) Limited generated from phase 1 operations.

### **Review of the Business**

The Company is an investment holding company whose sole business is the holding of an investment in Health Management (UCLH) Limited. The result for the year is set out in the profit and loss account on page 13. The directors consider the performance of the Company during the year and the financial position at the end of the year, to be in line with the long term expected performance of the project.

Interserve (Facilities Management) Ltd (the “Facilities Service Provider”) were purchased by the Mitie Group effective from the 1<sup>st</sup> December 2020. Mitie have made arrangements with the existing guarantor Interserve Group Ltd to maintain the existing guarantee until a replacement guarantee has been agreed with the Mitie Group. The replacement guarantee has been agreed, subject to Trust and final Lender consent.

### **S172(1) Statement**

The directors of the Company must act in accordance with the duties set out in section 172(1) (a) to (f) of the Companies Act 2006.

The directors have identified the Company’s main stakeholders as the following:

#### *(i) The Company’s shareholders and Credit Provider*

Principal considerations of the board are whether the investment objective of the Company is meeting shareholder expectations and how the Management Services Agreement Provider (“the Manager”) implements the objective. These are discussed at all board meetings, which are held regularly throughout the year. The board frequently engage with the Credit Provider and keep them updated on matters as required.

#### *(ii) The Manager*

The delivery by the Manager of its services is fundamental to the long term success of the Company. The board seeks to engage regularly with the Manager at board meetings. Regular reporting is provided to the board by the Manager, which will alert the board to changes to regulation or market practice, which will inform the board’s decision making.

## Strategic report

For the year ended 31 December 2021 (continued)

### S172(1) Statement (continued)

#### *(iii) The Trust*

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

#### *(iv) The Facilities Service Provider*

On behalf of the Company, the Manager seeks to maintain a constructive relationship with the Facilities Service Provider by meeting regularly. The Facilities Service Provider's reports provided to the Company contain service provision information and relevant information about the performance of the PFI contract. These reports are reviewed by both the Manager and the board. Periodically the directors will also meet with the Facilities Service Provider to discuss key service delivery matters.

Throughout the year the board has made due consideration during its discussions and decision-making of the matters set out in section 172(1) and below is a description of how the directors have had regards to these matters when performing their duties:

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

The Company has made no decisions during the year that have a material long term consequence.

#### *(b) The impact of the Company's operations on the community and the environment*

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

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

#### *(c) The desirability of the Company maintaining a reputation for high standards of business conduct*

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

#### *(d) The need to act fairly between members of the Company*

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

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

## **Strategic report**

For the year ended 31 December 2021 (continued)

### **COVID-19 Pandemic**

The risks posed by the current COVID-19 pandemic include the Trust not paying the unitary charge, a risk of the Facilities Service Provider falling behind on fulfilling their contractual requirements due to staff sickness, the risk of a high level of service deductions on the unitary charge and the risk of the Facilities Service Provider failure. The Trust and Facilities Service Provider, learning from previous waves of the pandemic; are now able to live with COVID-19 as part of business as usual. Risks relating to COVID-19 are currently low.

The Facilities Service Provider continually revisited its Business Continuity Plans to ensure services were delivered in the event of certain levels of staff sickness.

The board have assessed the financial stability of the Facilities Service Provider and continue to assess new information.

The board have considered the additional risks posed by the COVID-19 pandemic and have concluded that the Company can mitigate these risks and therefore that COVID-19 will not significantly impact the Company and that the Company can continue to operate as a going concern for the foreseeable future.

### **Key performance indicators ('KPIs')**

#### *Financial performance and financial position*

The board have modelled the anticipated financial outcome of the project across its full term. The directors monitor actual financial performance and position against this forecast. As at 31 December 2021, the Company's performance against this measure was satisfactory.

Result after tax for the year ended 31 December 2021 was £14,351,000 (2020: £25,546,000). Net assets have remained the same.

### **Future developments**

The directors expect trading conditions in the coming year to be broadly similar to those in the year ended 31 December 2021.

### **Principal risks and uncertainties**

As described above, Health Management (UCLH) Holdings Limited acts as a holding company for its subsidiary, Health Management (UCLH) Limited (the "Project"). As such the principal risks adopted by the Project are applicable to the effective management of the Company and are reproduced from the Project below.

The Project recognises that effective risk management is fundamental to achieving its business objectives in order to meet its commitments in fulfilling the PFI contract and in delivering a safe and efficient service. Risk management contributes to the success of the business by identifying opportunities and anticipating risks in order to improve business performance and fulfil its contractual obligations.

## **Strategic report**

For the year ended 31 December 2021 (continued)

### **Principal risks and uncertainties (continued)**

One of the risks of the Project is that services may not be able to continue due to the financial failure of one of the Project's subcontractors. The financial stability of those subcontractors is being monitored. The directors have reviewed the benchmarking information and are comfortable that the Facilities Service Provider's Service Fee is at market rate which would enable replacement of the contractor for a similar fee. The Project has full contingency and continuity plans in place.

### **Financial risk management objectives and policies**

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

#### **Interest rate risk**

The financial risk management objectives of the Project are to ensure that financial risks are mitigated by the use of financial instruments where they cannot be addressed by means of contractual provisions. Financial instruments are not used for speculative purposes. Interest swaps are in place between 2000 and 2035 to give an effective fixed interest rate payable on the majority of the bank debt.

#### **Liquidity risk**

The Project's liquidity risk is principally managed through financing the Project by means of long-term borrowings with an amortising profile that matches the expected availability of funds from the Project's operating activities. In addition, the Project maintains reserve bank accounts to provide short-term liquidity against future debt service and other expenditure requirements.

#### **Credit risk**

Any credit and cash flow risks to the Project arise from its client, the Trust. The credit and cash flow risks are not considered significant as the client is a quasi-governmental organisation.

#### **Contractual**

The Project operates within a contractual relationship with its primary customer, the Trust. Failure to perform obligations under this contract could have a direct and detrimental effect on the Project's result and could result in termination of the concession. To manage this risk the Project has regular meetings with the Trust including discussions on performance, project progress, future plans and customer requirements carrying out all the routine and major lifecycle maintenance for the life of the concession.

Approved by the board and signed on its behalf by:



H O'Gorman  
Director

21 July 2022

## **Directors' report**

For the year ended 31 December 2021

**Registered number: 03765827**

### **Financial statements**

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

The following information has been disclosed in the Strategic Report:

- Key performance indicators
- Principal risks and uncertainties
- Financial risk management
- Future Developments
- Engagement with supplier, customers and others (considered within the S172 Statement)

### **Future developments**

No significant changes are expected to the Company's activities, as set out in the Strategic Report, in the foreseeable future.

### **Results and Dividends**

The results of the Company for the year ended 31 December 2021 are set out in the profit and loss account on page 13, which shows a profit after tax of £14,351,000 (2020: £25,546,000). The directors consider the results for the year to be satisfactory. The directors approved the payment of a dividend in respect of the year ended 31 December 2021 of £14,351,000 (2020: £25,546,000) which constitutes 508.7p (2020: 905.6p) per share.

### **Going concern**

The directors have a reasonable expectation that the Company have adequate resources to continue in operational existence for the foreseeable future, even in downside scenarios arising from factors such as COVID-19. The impact of which is described in note 1. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

### **Directors**

The directors who held office during the year and up to the date of signing (unless otherwise stated) were as follows:

JS Gordon

R Little

J McDonagh (resigned 9 March 2022)

H O'Gorman

R Parekh

N Rae

### **Events after the balance sheet date**

A dividend of £6,991,000 (247.82p per share) was paid on 31 March 2022.

## **Directors' report**

For the year ended 31 December 2021 (continued)

### **Streamlined energy and carbon reporting**

The Company is a low energy user, emitting and consuming less than 40mWh in the current and previous reporting period. Energy emissions from activities, including greenhouse gases (GHG), and the consumption of energy for the Company's own use has been considered in making this assessment. As an operator of a Government Private Finance Initiative, the Company:

- does not utilise any transportation;
- had no employees during the year; and
- services provided under the Project Agreement and related contracts are outsourced to the subcontractor.

As such the Company is not required to make detailed disclosures of energy and carbon information under the Companies Act 2006.

### **Political contributions**

There were no political donations for the period (2019: £nil) and the Company did not incur any political expenditure.

### **Directors' indemnities**

The shareholders of UCLH Investors Limited, the largest group to consolidate these financial statements, have made qualifying third party indemnity provisions for the benefit of its directors which remain in force at the date of this report.

### **Statement of disclosure of information to auditor**

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

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

### **Independent auditor**

Deloitte LLP, Statutory Auditor, have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the board and signed on its behalf by:



H O'Gorman  
Director

21 July 2022

## **Directors' responsibilities statement**

For the year ended 31 December 2021

The directors are responsible for preparing the Annual 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), 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 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 members of Health Management (UCLH) Holdings Limited**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion the financial statements of Health Management (UCLH) Holdings Limited (the 'company')

- give a true and fair view of the state 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, including "Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity;
- the related notes 1 to 10.

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).

#### **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 Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

## **Independent auditor's report to the members of Health Management (UCLH) Holdings Limited (continued)**

### **Other information**

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

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

We have nothing to report in this regard.

### **Responsibilities of directors**

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.

### **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 FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **Independent auditor's report to the members of Health Management (UCLH) Holdings Limited (continued)**

### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

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

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

## **Independent auditor's report to the members of Health Management (UCLH) Holdings Limited (continued)**

### **Report on other legal and regulatory requirements**

#### **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.

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 any material misstatements in the strategic report or the directors' report.

#### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

#### **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.

*D. Winstone*

Daryl Winstone FCA (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom

21 July 2022

**Profit and loss account**

For the year ended 31 December 2021

|   | Notes | <b>2021</b><br><b>£000</b> | <b>2020</b><br><b>£000</b> |
|---|-------|----------------------------|----------------------------|
| <b>Turnover</b>   | 3     | 14,351                     | 25,546                     |
| Administrative expenses   |       | -                          | -                          |
| <b>Operating profit</b>   |       | <u>14,351</u>              | <u>25,546</u>              |
| <b>Profit before taxation</b>   |       | 14,351                     | 25,546                     |
| Tax on profit   | 5     | -                          | -                          |
| <b>Profit for the financial year attributable to the equity shareholders of the Company</b> |       | <u>14,351</u>              | <u>25,546</u>              |

The Company has no other comprehensive income in the current year (2020: £nil) and therefore a Statement of comprehensive income has not been prepared.

The Company has been engaged solely in continuing activities in a single class of business within the United Kingdom.

There is no difference between the profit for the year before taxation and the profit for the year as stated and their historical cost equivalent.

The accompanying notes are an integral part of the financial statements.

**Balance sheet**

As at 31 December 2021

|                                  | Notes | 2021<br>£000 | 2020<br>£000 |
|----------------------------------|-------|--------------|--------------|
| <b>Fixed assets</b>              |       |              |              |
| Investments                      | 7     | 2,821        | 2,821        |
| <b>Net assets</b>                |       | <b>2,821</b> | <b>2,821</b> |
| <b>Capital and reserves</b>      |       |              |              |
| Called-up share capital          | 8     | 2,821        | 2,821        |
| Profit and loss account          |       | -            | -            |
| <b>Total shareholders' funds</b> |       | <b>2,821</b> | <b>2,821</b> |

The financial statements of Health Management (UCLH) Holdings Limited (registered number: 03765827) including pages 13 to 21 were approved and authorised by the board on 21 July 2022 and signed on its behalf by

*Hannah O'Gorman*

**H O'Gorman**  
Director

The accompanying notes are an integral part of the financial statements.

**Statement of changes in equity**

As at 31 December 2021

|                            |       | Share capital | Profit and loss<br>reserve | Total    |
|----------------------------|-------|---------------|----------------------------|----------|
|                            | Notes | £000          | £000                       | £000     |
| <b>At 1 January 2020</b>   |       | 2,821         | -                          | 2,821    |
| Profit for the year        |       | -             | 25,546                     | 25,546   |
| Other comprehensive income |       | -             | -                          | -        |
| Total comprehensive income |       | -             | 25,546                     | 25,546   |
| Dividends                  | 6     | -             | (25,546)                   | (25,546) |
| <b>At 31 December 2020</b> |       | 2,821         | -                          | 2,821    |
| Profit for the year        |       | -             | 14,351                     | 14,351   |
| Other comprehensive income |       | -             | -                          | -        |
| Total comprehensive income |       | -             | 14,351                     | 14,351   |
| Dividends                  | 6     | -             | (14,351)                   | (14,351) |
| <b>At 31 December 2021</b> |       | 2,821         | -                          | 2,821    |

## Notes to the financial statements

for the year ended 31 December 2021

### 1 Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### *Statement of compliance*

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

#### *General information and basis of preparation*

Health Management (UCLH) Holdings Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Strategic Report on pages 2-5.

These financial statements are prepared on a going concern basis, under the historical cost convention.

The functional currency of Health Management (UCLH) Holdings Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.

#### *Going Concern*

The Company exists to hold investments in its subsidiary that provides services under certain private finance agreements. The subsidiary is set up as a Special Purpose Company under non-recourse arrangements and therefore the Company has limited its exposure to the liabilities. In the event of default of the subsidiary, the exposure is limited to the extent of the investment it has made.

The directors therefore, at the time of approving the financial statements, have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

In making this assessment the directors have considered the impact of COVID-19.

#### *Investment Income*

Investment income, stated as Turnover, may include dividends and interest receivable. Dividends are included, as Income from shares in group undertakings', when declared by the paying company.

#### *Taxation*

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

## Notes to the financial statements

for the year ended 31 December 2021 (continued)

### 1 Accounting policies (continued)

#### *Taxation (continued)*

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to non-depreciable property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

#### *Fixed asset investments*

Investments in subsidiary undertakings in the form of equity are held as fixed assets and are stated at cost less provision for any impairment. When a dividend distribution is received immediately after an investment is purchased, the fixed asset investment is amortised by an amount equal to the amount of the dividend received. Any impairment of fixed assets is shown as impairment charges. Any impairment is assessed by comparing the book value of the investment with the discounted value of estimated cash flows expected from the investment. Management have not identified any indicators of impairment.

#### *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

## Notes to the financial statements

### for the year ended 31 December 2021 (continued)

#### 1 Accounting policies (continued)

##### *Financial Instruments*

The Company has adopted Sections 11 and 12 of FRS 102 in respect of financial instruments.

##### *(i) Financial assets*

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, 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.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. 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.

##### *Share capital*

Ordinary shares are classified as equity. Equity instruments are initially measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

##### *Dividends*

Dividends and other distributions to company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the company's shareholders. These amounts are recognised in the statement of changes in equity.

##### *Exemptions for qualifying entities under FRS 102*

FRS 102 allows a qualifying entity certain disclosure exemptions. [FRS 102 para 1.12]. These exemptions are:

- (i) the requirement to prepare a statement of cash flows. [Section 7 of FRS 102 para 3.17(d)];
- (ii) certain financial instrument disclosures providing equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated. [Section 11 & 12 of FRS 102 paras 11.39 - 11.48A, 12.26 - 12.29];
- (iii) related party disclosure [Section 33 of FRS 102 para 33.7].

The Company is consolidated within the group accounts of UCLH Investors Limited. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the above (i), (ii) and (iii).

The Company is a wholly-owned subsidiary of UCLH Investors Limited. It is included in the consolidated financial statements of UCLH Investors Limited. Therefore the Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

## **Notes to the financial statements**

for the year ended 31 December 2021 (continued)

### **2 Critical accounting judgements and key sources of estimation uncertainty**

#### *Critical accounting judgements*

No material judgements have been required in order to present the annual report and financial statements.

#### *Key sources of estimation uncertainty*

No material estimations were required in presenting the annual report or financial statements, so no uncertainty exists in relation to estimates.

### **3 Turnover**

The Company has been engaged solely in continuing activities in a single class of business within the United Kingdom and its turnover consists solely of dividend income.

### **4 Auditor's and Directors' remuneration**

Fees payable to Deloitte for the audit of the Company's annual accounts of £2,000 (2020: £2,000) were included within the fee charged to Health Management (UCLH) Limited and are not rechargeable to the Company. No non audit services were provided by Deloitte during the year (2020: none).

Emoluments receivable by the directors of the Company or payments to third parties for the directors' services to the Company were £nil (2020: £nil). The Company had no employees during the year. No retirement benefits are accruing for directors. The directors have no contract of services with the Company. The directors' services to this Company are primarily of a non-executive nature and the fees above represent recharges from controlling parties in respect of these services.

## Notes to the financial statements

for the year ended 31 December 2021 (continued)

### 5 Tax charge on profit for the year

|  | 2021<br>£000 | 2020<br>£000 |
|--|--------------|--------------|
| <i>a) Tax credit included in profit or loss</i>  |              |              |
| Current tax  | -            | -            |
| Deferred tax   | -            | -            |
| Tax credit on profit   | -            | -            |
| <i>b) Reconciliation of tax charge</i>   |              |              |
|  | 2021<br>£000 | 2020<br>£000 |
| The tax assessed on the profit on ordinary activities is lower than (2020: lower than) the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%). The differences are explained below. |              |              |
| Profit before taxation   | 14,351       | 25,546       |
| Profit multiplied by standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)   | 2,727        | 4,854        |
| Effect of:   |              |              |
| Income not taxable   | (2,727)      | (4,854)      |
| Total tax charge for the year  | -            | -            |

The standard rate of tax applied to reported profit on ordinary activities is 19.00% (2020: 19.00%).

In the Spring Budget 2020, the UK Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). The Government made a number of budget announcements on 3 March 2021. These include confirming that the rate of corporation tax will increase to 25% from 1 April 2023. This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

### 6 Equity dividends paid

|  | 2021<br>£000 | 2020<br>£000 |
|--|--------------|--------------|
| Dividend of 508.7p (2020: 905.6p) per ordinary share | 14,351       | 25,546       |

**Notes to the financial statements**

for the year ended 31 December 2021 (continued)

**7 Fixed asset investment**

|   | 2021<br>£000 | 2020<br>£000 |
|---|--------------|--------------|
| <b>Cost</b>                                 |              |              |
| Equity investment in subsidiary undertaking | 2,821        | 2,821        |
| At 31 December                              | 2,821        | 2,821        |

The Company's investment in shares comprises 100% of the issued ordinary share capital of Health Management (UCLH) Limited, a company registered in England and Wales, whose principal activity is the design, build, financing and operation of a hospital in London on a 40 year contract. The registered office of Health Management (UCLH) Limited is Third Floor, Broad Quay House, Prince Street, Bristol BS1 4DJ.

**8 Called-up share capital and reserves**

|   | 2021<br>£000 | 2020<br>£000 |
|---|--------------|--------------|
| <b>Allotted, called-up and fully paid</b> |              |              |
| 2,820,936 ordinary shares of £1 each      | 2,821        | 2,821        |

The Company has one class of ordinary shares which carry no right to fixed income.

The Company's other reserves are as follows:

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

**9 Controlling parties**

Health Management (UCLH) Holdings Limited is owned 75% by UCLH Investors Limited and 25% by Semperian PPP Holdings Limited, both companies are registered in England and Wales. UCLH Investors Limited is owned 20% by Semperian PPP Holdings Limited and 80% by UCLH Investors (Holdings) Limited. At 31 December 2021, 52.45% of the share capital of UCLH Investors (Holdings) Limited was owned by CFG Unicorn Holdings SPV LLC and 47.55% of the share capital was owned by PFI 2005 Limited.

The directors consider there to be no ultimate controlling entity.

The results of the Company are consolidated in UCLH Investors Limited. The smallest and largest group to consolidate these financial statements is that headed by UCLH Investors Limited. Copies of UCLH Investors Limited financial statements are available from its registered office: Third Floor, Broad Quay House, Prince Street, Bristol BS1 4DJ.

**10 Events after the balance sheet date**

A dividend of £6,991,000 (247.82p per share) was paid on 31 March 2022.