

COMPANY REGISTRATION NUMBER: 06401001

Kent and East Sussex Weald Hospital Holdings Limited
Annual Report and Financial Statements
31 December 2019

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Kent and East Sussex Weald Hospital Holdings Limited

Annual Report and Financial Statements

Year Ended 31 December 2019

Contents	Page
Officers and Professional Advisers	1
Directors' Report	2
Directors' Responsibilities Statement	4
Independent Auditors' Report to the Members of Kent and East Sussex Weald Hospital Holdings Limited	5
Statement of Income and Retained Earnings	9
Statement of Financial Position	10
Notes to the Annual Report and Financial Statements	11

Kent and East Sussex Weald Hospital Holdings Limited

Officers and Professional Advisers

The Board of Directors

G Beazley-Long
C James
M Templeton
JS Gordon

Registered Office

Cannon Place
78 Cannon Street
London
EC4N 6AF

Independent Auditors

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

Kent and East Sussex Weald Hospital Holdings Limited

Directors' Report

Year Ended 31 December 2019

The directors present their report and the audited Annual Report and Financial Statements of Kent and East Sussex Weald Hospital Holdings Limited ("the Company") for the year ended 31 December 2019.

Principal Activities

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

Performance Review

The profit for the financial year, after taxation, amounted to £nil (2018: £1,474k).

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

On 15th March 2019 Interserve PLC, the parent company of Interserve Facilities Management Limited, went in to administration and Interserve Facilities Management Limited was sold to Interserve Group Limited, a newly incorporated private company controlled by its lenders. Interserve PLC was classed as a major project party under the Company's loan agreement as it provides a parent company guarantee to the facilities management subcontractor. Under the credit agreement with the lenders, if any major project party enters administration, this triggers an event of default. Once Interserve PLC entered administration as a major project party, an event of default had occurred. The board is working with their legal advisors, Interserve Group Limited and the lenders to find a remediation for this default. Services have not been affected by these changes in Interserve structure.

The directors have considered the future financial impact to the Company of the Coronavirus, taking into account the sources of income and additional expenditure, if any. It is their view that, the distributions from the underlying investments are expected to continue in line with modelled expectations and it is anticipated that the income of the company will not be materially impacted. Alongside this, the expected expenditure should not see material variation from its current levels and key suppliers are expected to continue to be able to service the company. Although the likely full impact is unknown, and at this stage is not possible to quantify, it is not expected to materially impact on the operations or financial position of the Company.

Key Performance Indicators

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

Directors

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

G Beazley-Long
C James
JS Gordon

Kent and East Sussex Weald Hospital Holdings Limited

Directors' Report *(continued)*

Year Ended 31 December 2019

M Templeton	(Appointed 28 February 2019)
R Christie	(Resigned 28 February 2019)
D Bradbury	(Resigned 30 April 2019)
C Dix	(Resigned 30 April 2019)

Dividends

Particulars of dividends paid are detailed in note 10 to the financial statements.

Events after the End of the Reporting Period

Particulars of events after the reporting date are detailed in note 17 to the Annual Report and Financial Statements.

Qualifying Indemnity Provision

The Company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Small Company Provisions

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

Disclosure of Information to Auditors

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

- so far as they are aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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

This report was approved by the board of directors on 27 August 2020 and signed by order of the board by:



Infrastructure Managers Limited
Company Secretary

Kent and East Sussex Weald Hospital Holdings Limited

Directors' Responsibilities Statement

Year Ended 31 December 2019

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

Company law requires the directors to prepare the Annual Report and Financial Statements for each financial year. Under that law the directors have prepared the Annual Report and Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland ("FRS 102"), and applicable law).

Under company law the directors must not approve the Annual Report and Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing the Annual Report and Financial Statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the Annual Report and Financial Statements; and
- prepare the Annual Report and Financial Statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Kent and East Sussex Weald Hospital Holdings Limited

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

Year Ended 31 December 2019

Report on the Audit of the Financial Statements

Opinion

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

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2019; the Statement of Income and Retained Earnings; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for Opinion

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

Independence

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

Conclusions Relating to Going Concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

Kent and East Sussex Weald Hospital Holdings Limited

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

Year Ended 31 December 2019

Reporting on Other Information

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

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

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

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the Financial Statements and the Audit

Responsibilities of the Directors for the Financial Statements

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Kent and East Sussex Weald Hospital Holdings Limited

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

Year Ended 31 December 2019

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

Use of This Report

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

Other Required Reporting

Companies Act 2006 Exception Reporting

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

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

We have no exceptions to report arising from this responsibility.


Kent and East Sussex Weald Hospital Holdings Limited

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

Year Ended 31 December 2019

Entitlement to Exemptions

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



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

27 August 2020

Kent and East Sussex Weald Hospital Holdings Limited

Statement of Income and Retained Earnings

Year Ended 31 December 2019

	Note	2019 £000	2018 £000
Income from shares in group undertakings	6	—	1,474
Other interest receivable and similar income	7	3,642	3,418
Interest payable and similar expenses	8	(3,642)	(3,418)
Profit before taxation		—	1,474
Tax on profit	9	—	—
Profit for the financial year and total comprehensive income		—	1,474
Dividends paid and payable	10	—	(1,474)
Retained earnings at the start of the year		—	—
Retained earnings at the end of the year		—	—

All the activities of the company are from continuing operations.

The notes on pages 11 to 17 form part of these Financial Statements.


Kent and East Sussex Weald Hospital Holdings Limited

Statement of Financial Position

As at 31 December 2019

	Note	2019 £000	2018 £000
Fixed assets			
Investments	11	26,296	26,296
Current assets			
Debtors: due within one year	12	4,503	862
Creditors: amounts falling due within one year	13	<u>(4,503)</u>	<u>(862)</u>
Total assets less current liabilities		26,296	26,296
Creditors: amounts falling due after more than one year	14	<u>(26,295)</u>	<u>(26,295)</u>
Net assets		<u>1</u>	<u>1</u>
Capital and reserves			
Called up share capital	15	1	1
Profit and loss account	16	<u>-</u>	<u>-</u>
Shareholders funds		<u>1</u>	<u>1</u>

The Financial Statements were approved by the board of directors and authorised for issue on 27 August 2020, and are signed on behalf of the board by:



G Beazley-Long
Director

Company registration number: 06401001

The notes on pages 11 to 17 form part of these Financial Statements.

Kent and East Sussex Weald Hospital Holdings Limited

Notes to the Annual Report and Financial Statements

Year Ended 31 December 2019

1. General Information

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

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

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

2. Statement of Compliance

The individual financial statements of Kent and East Sussex Weald Hospital Holdings Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland ("FRS 102") and the Companies Act 2006.

3. Accounting Policies

(a) Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities.

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

The accounting policies stated below have been consistently applied to the years presented, unless otherwise stated.

(b) Going concern

The directors have considered the future financial impact to the Company of the Coronavirus as disclosed in the Directors' Report, and although the likely full impact is unknown, and at this stage is not possible to quantify, it is not expected to materially impact on the operations or financial position of the Company.

(c) Disclosure exemptions

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

Kent and East Sussex Weald Hospital Holdings Limited

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

Year Ended 31 December 2019

3. Accounting Policies *(continued)*

(d) Consolidation

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

(e) Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported. These estimates and judgments are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty are as follows:

i) Impairment of assets

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

(f) Income tax

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

i) Current Tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end. The directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Kent and East Sussex Weald Hospital Holdings Limited

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

Year Ended 31 December 2019

3. Accounting Policies *(continued)*

(g) Investments

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

(h) Impairment of fixed assets

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

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

4. Auditor's Remuneration

The audit fee of £4,160 (2018: £4,818) was borne by the subsidiary company Kent and East Sussex Weald Hospital Limited.

In addition to the audit fee the subsidiary company also paid the auditor £3,000 (2018: £1,514) for the provision of tax services for the Company.

5. Particulars of Employees and Directors

The average number of persons employed by the Company during the financial year, including the directors, amounted to nil (2018: nil). The directors did not receive any remuneration from the Company during the year (2018: £nil).

6. Income from Shares in Group Undertakings

	2019	2018
	£000	£000
Dividends from group undertakings	—	1,474

7. Other Interest Receivable and Similar Income

	2019	2018
	£000	£000
Interest from Group undertakings	3,642	3,418

Kent and East Sussex Weald Hospital Holdings Limited

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

Year Ended 31 December 2019

8. Interest Payable and Similar Expenses

	2019	2018
	£000	£000
Interest due to Group undertakings	<u>3,642</u>	<u>3,418</u>

9. Tax on Profit

Reconciliation of tax income

The tax assessed on the profit for the year is the same as (2018: lower than) the standard rate of corporation tax in the UK of 19% (2018: 19%).

	2019	2018
	£000	£000
Profit before taxation	—	1,474
Profit by rate of tax	—	280
Non-taxable income	—	(280)
Total tax credit	<u>—</u>	<u>—</u>

10. Dividends

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2019	2018
	£000	£000
Interim dividend of £nil (2018: £1,473.78) per ordinary share	<u>—</u>	<u>1,474</u>

11. Investments

	Shares in group undertakings £000	Loans to group undertakings £000	Total £000
Cost			
At 1 January 2019 and 31 December 2019	<u>1</u>	<u>26,295</u>	<u>26,296</u>
Impairment			
At 1 January 2019 and 31 December 2019	<u>—</u>	<u>—</u>	<u>—</u>
Carrying amount			
At 31 December 2019	<u>1</u>	<u>26,295</u>	<u>26,296</u>
At 31 December 2018	<u>1</u>	<u>26,295</u>	<u>26,296</u>

Subsidiaries, associates and other investments

Kent and East Sussex Weald Hospital Holdings Limited

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

Year Ended 31 December 2019

11. Investments *(continued)*

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

	2019 £'000	2018 £'000
Aggregate capital and reserves	(74,828)	(77,013)
Profit/(Loss) for the year	684	1,180

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

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

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

12. Debtors

Debtors amounts falling due within one year are as follows:

	2019 £000	2018 £000
Amounts owed by Group undertakings	<u>4,503</u>	<u>862</u>

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

13. Creditors: amounts falling due within one year

	2019 £000	2018 £000
Amounts owed to group undertakings	<u>4,503</u>	<u>862</u>

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

Kent and East Sussex Weald Hospital Holdings Limited

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

Year Ended 31 December 2019

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

	2019	2018
	£000	£000
Amounts owed to group undertakings	<u>26,295</u>	<u>26,295</u>

Included within creditors: amounts falling due after more than one year is an amount of £26,295,347 (2018: £26,295,347) in respect of liabilities payable or repayable by instalments which fall due for payment after more than five years from the reporting date.

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

15. Called Up Share Capital

Issued, called up and fully paid

	2019		2018	
	No.	£	No.	£
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

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

16. Reserves

Retained earnings records retained earnings and accumulated losses.

17. Events after the End of the Reporting Period

Coronavirus was declared a pandemic in March 2020 and since then there has been widespread disruption in the UK. As the pandemic accelerated after the year end this event has been classified as a non-adjusting post balance sheet event. As disclosed in the Directors' Report, the directors have considered the future financial impact to the Company of the Coronavirus. Although the likely full impact is unknown, it is expected to be minimal.

18. Related Party Transactions

Health (Pembury) Limited owns 75% of the shareholding and loan stock in the Company. During the year dividends of £nil (2018: £1,105,335) as well as £nil (2018: £2,563,796) of loan stock interest was paid. Unpaid loan stock interest at 31 December 2019 was £3,377,344 (2018: £646,217). The outstanding loan stock balance at 31 December 2019 was £19,721,510 (2018: £19,721,510).

PFI 2005 Limited owns 25% of the shareholding and loan stock in the Company. During the year dividends of £nil (2018: £368,445) as well as £nil (2018: £854,599) of loan stock interest was paid. Unpaid loan stock interest at 31 December 2019 was £1,125,781 (2018: £215,406). The outstanding loan stock balance at 31 December 2019 was £6,573,837 (2018: £6,573,837).

Kent and East Sussex Weald Hospital Limited has issued loan notes to the Company. The total amount of interest paid in the year on this loan amounted to £nil (2018: £3,418,395). In addition dividends of £nil (2018: £1,473,780) were paid in the year.

Kent and East Sussex Weald Hospital Holdings Limited

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

Year Ended 31 December 2019

19. Controlling Party

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