Registered No. 09335680

# HEALTH INTERNATIONAL BILLING PARTNERS LIMITED

Report and Financial Statements

For the year ended 31 December 2017

Registered No. 09335680

## COMPANY INFORMATION

### DIRECTORS

M T Neeb
T F Pritchard
J R Midkiff

### SECRETARY

J Loyal

### AUDITORS

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

### BANKERS

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

### REGISTERED OFFICE

242 Marylebone Road
London
NW1 6JL

Registered No. 09335680

# STRATEGIC REPORT

The directors present their strategic report for the year ended 31 December 2017.

**PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS**

The principal activity of the company is to provide HCA consultants with a billing service and prefunding facility for services provided to embassy patients.

The company has engaged a third party (Healthcare Invoice Finance Limited) to act as its agent to provide the billing service and prefunding facility to HCA consultants.

The company is still in its infancy and has the full support of its parent. The directors are also fully committed to the success of the company.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The principal risk for the company relates to the fact whereby amounts prefunded become irrecoverable due to default by the embassy. This is mitigated by the terms of the contract with the consultant which requires the amounts prefunded to be returned to the company by the consultant in the event of non-payment by the embassy beyond two years from the invoice date. This is achieved through refund of payments already made to the consultant back to the company or offsetting future invoices presented for prefunding by these overdue amounts.

On behalf of the board

J R Midkiff
Director

28 September 2018

Registered No. 09335680

# DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 December 2017.

## REVIEW OF THE BUSINESS

A review of business has been detailed within the Strategic Report.

## DIVIDENDS

The directors do not propose any dividend for the period.

## DIRECTORS

The directors of the company who served during the year ended 31 December 2017 were as follows:

M T Neeb
T F Pritchard
S M Rainey (Resigned on 24 May 2018)
J R Midkiff

## DIRECTORS INDEMNITY

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

## FUTURE DEVELOPMENTS

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

## EVENTS AFTER THE END OF THE REPORTING PERIOD

No significant events affecting the company have occurred since the end of the reporting period.

## GOING CONCERN

The company has received a commitment for financial support from its parent undertaking, HCA International Limited, in order to allow the company to continue to develop. The company's directors have reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Therefore, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

## DIRECTORS' STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

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

Registered No. 09335680

## DIRECTORS' REPORT (CONTINUED)

**AUDITORS**

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

On behalf of the board

J R Midkiff
Director

28 September 2018

# DIRECTORS' RESPONSIBILITIES STATEMENT

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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. The financial statements are required by law to 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 those 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 United Kingdom 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 to 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.

**Opinion**

We have audited the financial statements of Health International Billing Partners Limited for the year ended 31 December 2017 which comprise, the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes 1 to 11, 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 FRS 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 company's affairs as at 31 December 2017 and of its loss 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 below. 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 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.

**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.

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

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 the 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 directors' report have been prepared in accordance with applicable legal requirements.

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

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

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

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

**Responsibilities of directors**

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

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

**Auditor's responsibilities for the audit of the financial statements**

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

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

**Use of our report**

This report is made solely to the company's directors, 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 directors 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 directors as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

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

28 September 2018

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2017

| | *Notes* | *2017* *£000* | *2016* *£000* |
|---|---|---|---|
| Administrative expenses | | (57) | (111) |
| **OPERATING LOSS** | *2* | (57) | (111) |
| Interest payable and other financial expenditure | *4* | (5) | - |
| **LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION** | | (62) | (111) |
| Tax on ordinary activities | *5* | - | - |
| **LOSS ON ORDINARY ACTIVITIES AFTER TAXATION** | | (62) | (111) |
| **OTHER COMPREHENSIVE INCOME** | | - | - |
| **TOTAL COMPREHENSIVE LOSS** | | (62) | (111) |

All activities relate to continuing operations.

## STATEMENT OF FINANCIAL POSITION
at 31 December 2017

| | *Notes* | *2017* *£000* | *2016* *£000* |
|---|---|---|---|
| **CURRENT ASSETS** | | | |
| Trade and other receivables | *6* | 177 | 239 |
| Cash at bank and in hand | | - | 19 |
| | | 177 | 258 |
| **CREDITORS**: amounts falling due within one year | *7* | (441) | (460) |
| **NET CURRENT LIABILITIES** | | (264) | (202) |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | (264) | (202) |
| **NET LIABILITIES** | | (264) | (202) |
| **CAPITAL AND RESERVES** | | | |
| Called up share capital | *10* | - | - |
| Profit and loss account | | (264) | (202) |
| **SHAREHOLDERS' DEFICIT** | | (264) | (202) |

These accounts were approved by the board of directors on 28 September 2018 and signed on its behalf by:

J R Midkiff
Director

Registered No. 09335680

## STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2017

| | *Share capital* | *Profit and loss account* | *Total* |
|---|---|---|---|
| | *£000* | *£000* | *£000* |
| At 1 January 2016 | - | (91) | (91) |
| Loss for the year | - | (111) | (111) |
| At 1 January 2017 | - | (202) | (202) |
| Loss for the year | - | (62) | (62) |
| At 31 December 2017 | - | (264) | (264) |

## 1. ACCOUNTING POLICIES

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

***Statement of compliance***

Health International Billing Partners Limited is a company incorporated in England.

The company's financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the company for the year ended 31 December 2017.

The results of Health International Billing Partners Limited are included in the consolidated financial statements of HCA Healthcare Inc., which is incorporated in the United States of America.

***Basis of preparation***

The financial statements were authorised for issue by the Board of Directors on 28 September 2018.

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

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

(a) the requirements of section 4 *Statement of Financial Position* paragraph 4.12 (a)(iv)
(b) the requirements of Section 7 *Statement of Cash Flows* and Section 3 *Financial Statement Presentation* paragraph 3.17(d)
(c) the requirements of Section 11 *Basic Financial Instruments* paragraphs 11.39 to 11.48A and Section 12 *Other Financial Instrument Issues* paragraphs 12.26 to 12.29A
(d) the requirement of Section 33 Related Party Disclosures paragraph 33.7

***Going concern***

The company has received a commitment for financial support from its parent undertaking, HCA International Limited, in order to allow the company to continue to develop. The company's directors have reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Therefore, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

***Significant accounting judgements, estimates and assumptions***

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

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

***Agent commission charges***

The company has entered into an agreement with a third party company to administer its prefunding arrangements with consultants for which the company is charged an upfront fee for collection services. Management has to determine whether to recognise these commission payments in the statement of comprehensive income or defer such payments in the statement of financial position for release at a future date. Management has elected to make an estimate regarding the time it will take to ultimately recover its prefunding and spreads the upfront commission payments evenly over this estimated period.

## 1. ACCOUNTING POLICIES (CONTINUED)

***Significant accounting policies***

***Taxation***

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

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

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

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

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

***Financial Assets***

***Initial recognition and measurement***

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

Basic financial assets, including trade and other receivables, cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where transaction is measured at the present value of the future receipts discounted at market rate of interest.

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

***Loans and receivables***

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

***Impairment of financial assets***

At the end of each reporting financial assets at amortised cost are assessed for objective evidence of impairment. If an asset is impairment the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the assets original effective interest rate. The impairment loss is recognised in the income statement.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the income statement.

1. **ACCOUNTING POLICIES (CONTINUED)**

***Financial Assets (continued)***

***Derecognition of financial assets***

Financial assets are derecognised when (a) the contractual rights to the cash flows from the assets expire or are settled, or (b) subsequently all the risks and rewards of the ownership of the asset are transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

***Financial liabilities***

***Initial recognition and measurement***

The company determines the classification of its financial liabilities at initial recognition.

Basic financial liabilities, including trade and other payables and loans from fellow group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt is measured at the present value of the future receipts discounted at market rate of interest.

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

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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

***Derecognition of financial liabilities***

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in the income statement.

***Offsetting***

Financial assets and liabilities are offset and the net amounts presented in the financial statement when there is an 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 the liability simultaneously.

***Cash and cash equivalents***

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short term deposits with an original maturity of three months or less.

***Agent commission charges***

Commission payments paid to agents are recognised on an accrual basis so as to spread the cost over the expected time taken by the embassies to settle the consultants' invoices prefunded. At 31 December 2017 it is estimated that the period to settle the invoices was 24 months (2016: 24 months).

## 2. OPERATING LOSS

Operating loss is stated after charging the following:

| | *2017* | *2016* |
|---|---|---|
| | *£000* | *£000* |
| Agent commission charges | 57 | 110 |
| Bank charges | 5 | 1 |

The auditors of the company are also the auditors of HCA International Limited and are remunerated in respect of their services to the company by HCA International Limited. The audit fee for the company was £11,000 (2016: £10,000)

## 3. DIRECTORS' REMUNERATION

The remaining directors are also directors of the holding company and fellow subsidiaries. The directors received total remuneration for the year ended 31 December 2017 of £2,094,000 (2016: £2,587,000) all of which was paid by the holding company. The directors do not believe that it is practicable to apportion this amount between their services as directors of the company and their services as directors of the holding and fellow subsidiary companies.

## 4. INTEREST PAYABLE AND OTHER FINANCIAL EXPENDITURE

| | *2017* | *2016* |
|---|---|---|
| | *£000* | *£000* |
| Interest payable on Intercompany loans | 5 | - |
| | 5 | - |

## 5. TAX ON LOSS ON ORDINARY ACTIVITIES

### (a) Factors affecting tax:

The tax assessed on the loss on ordinary activities for the period differs from the standard rate of corporation tax in the UK. The differences are reconciled below:

| | *2017* | *2016* |
|---|---|---|
| | *£000* | *£000* |
| Loss on ordinary activities before tax | (62) | (111) |
| Loss on ordinary activities multiplied by standard/blended rate of corporation tax in the UK of 19.25% (2016: 20%) | 12 | 22 |
| *Effect of:* | | |
| Losses arising in the period not relievable against current tax | (12) | (23) |
| Transfer pricing adjustments | - | 1 |
| Total tax for the period | - | - |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
at 31 December 2017

**5. TAX ON LOSS ON ORDINARY ACTIVITIES (CONTINUED)**

**(b) Factors that may affect future tax charges:**

A reduction in the UK corporation tax rate from 20% to 19%, with effect from 1 April 2017 was substantively enacted on 26 October 2015. A further reduction from 19% to 17% was substantively enacted on 15 September 2016 and will take effect from 1 April 2020.

**6. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

| | *2017* | *2016* |
|---|---|---|
| | *£000* | *£000* |
| Loan amounts due from consultants | 127 | 189 |
| Loan amounts due from third parties | 50 | 50 |
| | 177 | 239 |

Loan amounts due from consultants relate to the value of invoices prefunded at the end of the period. These loans are due on demand.

Loan amounts due from third parties represent working capital provided to Healthcare Invoice Finance Limited on which no interest accrues.

**7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

| | *2017* | *2016* |
|---|---|---|
| | *£000* | *£000* |
| Loan amounts owed to parent company | - | 280 |
| Amounts owed to parent company – trading | 406 | 90 |
| Accruals and deferred income | 35 | 90 |
| | 441 | 460 |

Loan amounts owed to parent company are repayable on demand. No interest is accrued on these loans.

**8. RELATED PARTY TRANSACTIONS**

During the period, the partnership entered into transactions, in the ordinary course of business, as follows:

| | | *2017* | *2016* |
|---|---|---|---|
| *Related Party* | *Transactions during the year* | *£000* | *£000* |
| HCA International Limited | Interest payable | (5) | - |

| | | *2017* | *2016* |
|---|---|---|---|
| *Related Party* | *Closing balance at year end* | *£000* | *£000* |
| HCA International Limited | Loan amounts owed to parent company | - | 280 |
| HCA International Limited | Amounts owed to parent company – trading | 406 | 90 |
| | | 406 | 370 |

## 9. FINANCIAL INSTRUMENTS

| | 2017 | 2016 |
|---|---|---|
| | £000 | £000 |
| *Financial assets that are debt instruments measured at amortised cost* | | |
| Loan amounts due from consultants | 127 | 189 |
| Loan amounts due from third parties | 50 | 50 |
| | 177 | 239 |

| | 2017 | 2016 |
|---|---|---|
| *Financial liabilities measured at amortised cost* | £000 | £000 |
| Loan amounts owed to parent company | - | 280 |
| Amounts owed to parent company – trading | 406 | 90 |
| | 406 | 90 |

## 10. SHARE CAPITAL

| | 2017 | 2017 | 2016 | 2016 |
|---|---|---|---|---|
| | No. | £ | No. | £ |
| *Allotted, called up, and fully paid:* | | | | |
| Ordinary shares of 1p each | 1 | 1 | 1 | 1 |
| | 1 | 1 | 1 | 1 |

## 11. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

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

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