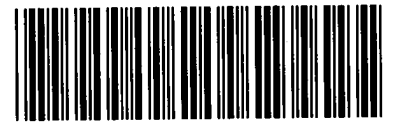


Company Registration No. 09218089 (England and Wales)

UK ACQUISITIONS NO. 6 LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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UK ACQUISITIONS NO. 6 LIMITED

COMPANY INFORMATION

Directors	Dr Antonio Romero Mr Gerald Corbett (Appointed 7 August 2019) Mr Mark Ground Mr Robert Zurad Mr Steve Filton
Secretary	Mr Steve Filton
Company number	09218089
Registered office	Nepicar House London Road Wrotham Heath Sevenoaks Kent TN15 7RS
Independent auditors	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH

UK ACQUISITIONS NO. 6 LIMITED

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UK ACQUISITIONS NO. 6 LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The strategic report set out below is the UK Acquisitions No. 6 Limited strategic report for the year ended 31 December 2019.

Principal Activities

The principal activity of the company continued to be that of a holding company. UK Acquisitions No. 6 Limited is the 100% parent company of Cygnet Health UK Limited and its subsidiaries "Cygnet". During the year, UK Acquisitions No. 6 Limited received £50.0m in dividends from Cygnet Health UK Limited.

Cygnet is made up of 45 subsidiaries owned directly through Cygnet Health UK Limited of which 3 subsidiaries are registered within Jersey and 2 subsidiaries with Guernsey.

UK Acquisitions No. 6 Limited is a wholly owned subsidiary of Universal Health Services Inc., a company incorporated in the US. In 2018, the Company issued £423.6m in nominal value of corporate debt securities on the Cayman Islands Stock Exchange. The entirety of the debt was acquired by Universal Health Services Inc.. During the year, in relation to the listed debt, UK Acquisitions No.6 Limited was charged £24.5m in interest.

Business review

The results for the year ended 31 December 2019 are set out in the Income statement on page 17 and the Statement of Financial Position on page 18.

UK Acquisitions No. 6 Limited received income of £50.0m in dividends from Cygnet Health UK Limited (2018: £nil) and paid £24.5m in finance costs to its parent company (2018: £23.3m). In 2019, the company generated profit before tax of £25.5m (2018: loss of £23.3m).

UK Acquisitions No. 6 Limited Limited holds £748.0m (2018: £748.0m) in investments, 100% of Cygnet Health UK Limited. The remainder of the Strategic Report looks at the performance of Cygnet which underpins the investment in Cygnet Health UK Limited and its subsidiaries.

UK ACQUISITIONS NO. 6 LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Our Corporate strategic priorities

Our **purpose** is to make a positive difference to the lives of the individuals we care for, their loved ones and all those who work with us.

Our **vision** is to provide high quality, sustainable specialist services that: Ensure service users and residents feel safe and supported, staff are proud of, commissioners and service users and residents select, and stakeholders trust.

Our **mission** is to work together in a positive culture of openness, honesty and inclusivity, where we deliver safe, compassionate care for our service users and staff enjoy a fulfilling, rewarding environment in which to work.

Our Strategic priorities are:

- **Be the best:** To work together to enable people to achieve their personal best by creating opportunities for them to reach their true potential.
- **Support more people:** To care for as many people as possible through the provision of specialist services in communities across the country.
- **Deliver excellence:** To be seen as a provider of choice for the delivery of high quality, evidence-based, specialist care services that are always aligned to the needs of service users, staff and policy.
- **Value our staff:** To recruit and retain talented people who exemplify our values and feel proud to work with us in the delivery of person-centred care.
- **Innovation in services:** Continuously measure our progress, identify key needs and strive to continually enhance our services and outcomes.

Corporate Governance and Clinical Delivery

Cygnnet has continued to focus on striving for the highest quality corporate and clinical governance throughout everything we do. Clinical excellence and governance are the foundation of our business.

Cygnnet has a range of corporate, as well as regional specialist roles and structures which support the local operational needs and delivery of our services and provide the organisation with external mechanisms to gain assurance and identify where further support is required.

We use a governance matrix approach which includes processes at a local, regional and corporate level. This structure encourages increased opportunities to improve communication and learning across the organisation from ward to board. In addition to local teams there are regional quality assurance and governance leads, regional clinical directors, regional nursing directors, regional psychology and regional Occupational Therapy support.

Our continued focus on quality and governance has seen investment in people and a more streamlined reporting structure for the governance team with Quality Assurance Managers for each region. The governance team delivers evidence and assurance of systems and processes ensuring that we have evidence of our high standards and service delivery at individual service user level and across the whole group, learning from experience as we go.

During September 2019 we commissioned an external review of our Corporate Governance arrangements in response to a period of significant growth over the past 3 years, through merger and acquisition, and in response to a Care Quality Commission (CQC) Well-Led inspection of our headquarters function in July and August 2019.

As a result we have reviewed our corporate governance structures and are implementing the following sub committees of the Board in 2020: Clinical Governance Committee, Audit and Risk Committee, Nomination and Remuneration committee. Cygnnet has also appointed a Senior Independent Director (non statutory), Lord Kamlesh Patel.

We continue to work with our regulators aiming to be the market leader in our sector in delivery of clinical quality. We are pleased to report 100% compliance with Commissioning for Quality and Innovation ("CQUIN") in 2018/19 in line with the relevant NHS financial year. During the year we achieved 82% Good or Outstanding CQC ratings (85% in 2018).

UK ACQUISITIONS NO. 6 LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Cygnets approach to Clinical Governance

The Clinical Directorate team are responsible for the oversight and implementation of clinical governance across Cygnets to ensure quality, safety, service user experience and lessons learnt. The three Regional Clinical Directors each chair the quarterly Regional Clinical Governance meetings that review the local Clinical Governance meetings with representation from each unit.

The framework used for local and regional clinical governance is based on 7 pillars of clinical governance, namely, clinical effectiveness and research, risk management, audit, service user and carer involvement, clinical staff management, information management, education and training.

Information gathered at local level is analysed in Regional Clinical Governance to identify trends, themes and lessons learned in each region. Unresolved or significant issues are escalated to clinical board. Lessons learned and best practice are disseminated to individual units.

We have a comprehensive suite of policies which are regularly updated to ensure they comply with legislative and best practice recommendations. This year we have significantly consolidated our policies across our business.

Examples include:

- Recruitment, Selection and Appointment of Staff Policy – to consolidate our safer recruitment guidelines;
- Freedom to Speak Up (Whistleblowing) Policy – as well as our independently run Whistleblowing line, we have also introduced a Freedom to Speak Up Guardian (FTSUG). As well as reviewing all concerns raised, the FTSUG is responsible for nurturing a culture of openness. This role sits outside the management structure and reports directly to the Executive Management Board. The Executive lead for the freedom to speak up service is the Director of Nursing; and
- Staff Retention and Leaving the Company Policy – retention of our people is one of key strategic goals.

Anti-Bribery and Corruption

Cygnets has a policy for anti-bribery and corruption and has a zero tolerance to such activities and requires compliance with the current legislation.

Data Protection Act (DPA) 2018 including General Data Protection Regulations (GDPR) 2016

Cygnets takes its data protection responsibilities very seriously and is committed to operating within the necessary regulatory boundaries of the data protection legislation. Cygnets is aware of the requirements and is keeping its data protection and governance practices up to date accordingly.

Modern Slavery Act 2015

Cygnets has a Slavery and Human Trafficking statement available on the company website. This states that Cygnets Health Care Limited has zero tolerance to slavery, human trafficking and violation of slavery law. Modern slavery is recognised as a category of abuse within our safeguarding policies. In regards our suppliers and procedures, Cygnets has a number of procedures in place that contribute to ensuring modern slavery does not occur in our business or supply chains.

Our commitment to Service Users

Cygnets remains committed to ensuring that our Service Users receive the highest standards of care across each of our sites and services. Service User experience is at the heart of this, and everything we do at Cygnets, and we continue to do our utmost to involve our Service Users in shaping their services to ensure they continue to be responsive to their needs.

Our People's Council meetings are held locally at site level and provide our Service Users with a forum where they can discuss their experiences with other Service Users and local managers. The views and discussions from these meetings are anonymised and reported on through local governance structures to identify any areas that may require further focus and identify if any themes or hotspots are emerging across the business.

UK ACQUISITIONS NO. 6 LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

We also assure ourselves of our progress in this key area regularly by utilising a number of different methods to capture our Service Users views and experiences to track our progress. We conduct a number of surveys throughout the year to capture our Service User's views and use this valuable data to shape our improvement programmes across the business. Using our existing governance structures, we put this data in the hands of leaders and key members of staff across the business who are able to translate these comments into real improvements for our Service Users.

Visibility of this data is key to driving our programme of continual quality improvement across the business and disseminating results through our Ward to Board governance structures ensures that results get discussed at each level of the business and improvements are fully embedded and sustained.

Expert by Experience

Cygnnet has a full programme of Expert by Experience visits within the organisation. These are primarily to ensure our service users views are heard in the provision and development of our services. Our clinical services ensure our service users voice is at the heart of our provision of high quality services. Cygnnet has entered into a service level agreement with Choice Support who manage the contracts with Expert by Experience. This ensures there is a robust governance around experts by experience and that they are looked after and all references and DBS checks are performed on all those who we use as experts by experience.

Our commitment to operational excellence

Cygnnet's services provide individuals and their families with compassionate, quality care based on proven therapies and treatments that result in successful, long-term recovery and qualities of life that are recognised among the country's best.

We remain committed to our top priority — taking care of people. This includes a relentless focus on treating individuals with respect, operating with integrity, building trust, empowering our teams and in providing a superior quality care.

At Cygnnet, employees from all levels of the organisation constantly strive to improve our services. In support of these efforts, progress is continually measured against our goals. Our teams focus on patient satisfaction and we quantify our clinical care. These measures allow Cygnnet to benchmark, improve and report on the high-quality care provided.

Our resolute clinical and quality outcomes enable our ability to measure a broad set of evidence-based clinical and therapeutic practices that are linked to positive service user outcomes.

Our commitment to community and the environment

As a leading provider of hospital and social care services, Cygnnet delivers high-quality, compassionate care to those in need. Our dedicated and talented staff treat service users and residents with dignity and respect throughout our care pathways.

Our facilities have an established history as care providers and as supporters of initiatives important to the local community. As an employer of choice, provider of high-quality health and social care services, and value-generating business partner, we are proud to contribute meaningfully to the communities we are privileged to serve.

Energy

Cygnnet is actively engaged in fulfilling its commitments under the Energy Savings Opportunity Scheme (ESOS).

We aim to reduce our energy consumption and seek renewable sources as and when they come on to the market. Cygnnet are currently in long term contracts with our electricity suppliers; renewables make up circa. 15% of their generation mix. As our existing electricity contracts expire our target is to exceed the UK average renewable generation mix.

UK ACQUISITIONS NO. 6 LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Waste

Waste generation is minimised with an active commitment to reduce landfill by ensuring paper, cardboard, cans, glass, plastics, cooking oil and food is recycled.

Our commitment to our people

Cygnnet has a very experienced Human Resources ('HR') department to support our people, including operational HR Business Partners, a Learning and Development team covering our mandatory and developmental training programmes, and a Resourcing team who specialise in award winning branding and campaigns, international recruitment, innovative recruitment strategies.

Cygnnet has introduced a new HR strategy which includes:

- Ensuring we have the right people in the right roles;
- Having a clear and sustainable recruitment strategy;
- Providing focus on retention of our staff;
- Ensuring our staff are appropriately skilled to undertake their roles safely; and
- Having up to date and effective HR processes.

In addition to the national recruitment strategy, Cygnnet has a clear international staffing strategy to recruit for skill shortages. Working alongside an external company of expert recruiters we have sourced many more sponsorship visas than have ever before been available to us so that we can attract doctors and nurses from overseas.

Cygnnet has introduced a central on-boarding team to ensure a positive candidate experience and speed up the process from the candidate applying to their start date.

Our HR Business Partners carry out HR site reviews with service managers regularly. This is a full review of the employee life cycle and includes staffing, turnover, retention, employee issues including disciplinary, grievance, ill health, etc.

HR Clinics are conducted every 6 months or more frequently for sites if required. The clinics are an open forum for all staff to speak to HR in confidence about anything they may be experiencing or with queries and for HR to gauge staff morale and take positive action and work with local management on action plans if required.

Cygnnet undertakes Mental Health First Aider training. To date Cygnnet has around 70 Mental Health First Aiders in Cygnnet to ensure that not only the individuals in our care receive mental health support but also our colleagues.

Cygnnet has further expanded its apprenticeships programmes including Trainee Nurse Associate and Leadership and Management. In 2019 we had 295 staff on apprenticeships. Cygnnet also regularly reviews its induction processes.

In 2019 Cygnnet put together an inclusion and diversity working party including a wide range of people across the business. Cygnnet conducted a staff survey into issues and also created an information and support area on the intranet.

Cygnnet continues to review our benefits packages and have introduced a number of new features recently. Cygnnet benchmarks its approach to pay and reward annually, both across the sector and geographically. We also continue to report on gender pay gap, comparing men and women's average pay across the organisation.

UK ACQUISITIONS NO. 6 LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

In order to obtain staff feedback an annual staff survey is carried out. Cygnet's staff engagement score for 2019 was 70% (2018: 65%). The 2019 survey showed the following:

- 70% (2018: 63%) of staff recommend Cygnet as a great place to work;
- 93% (2018: 94%) of Cygnet staff understand Cygnet's values;
- 8 out of 10 (2018: 8 out of 10) people feel supported by their managers;
- 7 out of 10 (2018: 7 out of 10) people would be happy for their relatives to be supported by Cygnet; and
- 82% (2018: 77%) of people think Cygnet's top priority is the care of service users.

Cygnet is very proud to have a first class team of management and staff in our organisation who combine a unique set of skills to drive our business forward. It is the expertise of our people and the culture of passion and commitment that enables us to do such a fantastic job of caring for our service users and improving their lives day by day. We believe in our core values of Care, Respect, Empower, Trust and Integrity.

We would like to take this opportunity to thank all of our staff for their dedication to the business and service users.

People with disabilities

It is the Group's policy to give fair consideration to the employment needs of people with disabilities and to comply with current legislation with regard to their employment. Wherever practical, we continue to employ and promote the careers of existing employees who become disabled and to consider employment for people with disabilities, subsequent training, career development and promotion on the basis of their aptitudes and abilities.

Key Performance Indicators ('KPIs')

Cygnet uses a range of financial and non-financial indicators to measure and monitor its progress.

Financial

These include EBITDA, which reflects the earnings before interest and tax, depreciation and amortisation. Adjusted margins are also considered and reflect the causes for changes in EBITDA, such as changes in occupancy rates.

Management consider other KPI's including occupancy, average daily fees, EBITDA margin and agency hours, these are considered commercially sensitive and therefore specific examples are not included in this report.

Non-financial

We use a variety of Quality KPI's to ascertain our performance and compliance with standards.

A monthly Quality Dashboard by region is produced which summarises performance by unit, this includes published Regulatory Ratings as well as the Internal Quality Assurance Manager Rating of the service. The Dashboard includes Audit Submissions as well as identifying underperforming audit compliance ratings, Resuscitation Simulations, surveys and results of Medication Audits.

This year we have developed a sophisticated Incident Management System, which links into our other electronic systems and enables real time reporting and the early identification of risks and key themes and trends, this will be rolled out across the business by April 2020.

We have worked with Experts by Experience to further improve our process to manage and learn from Comments, Complaints and Compliments this includes a new Complaints Procedure and information in accessible formats. We have appointed a new Group Quality Standards Leads and will be rolling out the new Complaints Dashboard in 2020.

Staffing KPI's include: Recruitment of staff, Retention of staff, Training compliance.

UK ACQUISITIONS NO. 6 LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Future prospects

Cygnets strategy is to continue to consolidate the business, to focus on quality and to grow and develop the business through:

- Putting services users and residents at the centre of everything we do;
- Looking after our staff;
- Maintaining and improving CQC ratings and CQUINS;
- Integration of policies and procedures;
- Furthering geographical coverage;
- Development and broadening of current service lines;
- Extension of service lines and care pathways;
- Reacting to the changing dynamics of our market and customers, in particular the NHS; and
- Providing an environment and culture which promotes excellence in what we do and a fulfilling place for staff to pursue their careers.

Key risks and uncertainties

The Group faces many risks and uncertainties from external factors. The following are the most significant risk and uncertain facing the Group:

COVID-19

At Cygnets as the effects of COVID-19 are becoming clear our focus continues to be keeping those in our care, and our staff as protected and safe as possible. We have very dedicated teams who are closely tracking the situation. Our teams meet every day, from Ward to Board, to help ensure business continuity and adaptation to the evolving situation.

Cygnets is informed of government guidance and able to respond to the guidance as it changes. Our priority is to make sure we can provide safe continued care. We are working closely with our business partner, the NHS.

Loss of funding

Cygnets relies on publicly funded entities in the UK such as the NHS, Clinical Commissioning Groups (CCGs) and Local Authorities for substantially all of its revenues and the loss or reduction of such funding, or changes in procurement methods, could negatively impact the Company's occupancy rates which could have corresponding material adverse effects.

Competition

Cygnets monitors competition closely to ensure that it remains competitive in the market place. Cygnets manages the risk associated with demand fluctuations by offering diversified services and monitoring demand, converting unused capacity to alternative services when appropriate. Cygnets monitors prices charged both internally and externally to ensure that its services are appropriately priced to compete and provide value for customers.

UK ACQUISITIONS NO. 6 LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Brexit

Cygnnet is monitoring closely the legal and political developments in the process towards Brexit as a result of the 2016 referendum. We have established a Brexit working group which reports to our Executive Team.

We have undertaken planning to prepare the Group for trading post transition period. We take business continuity very seriously and our priority is to mitigate the risks to continuity and safety of patient care, alongside critical issues related to other stakeholders be they employees, customers or consultants.

Although the Withdrawal Agreement was signed 24th January 2020, the absence of an agreed and binding post-transition trade arrangement with the EU, means that a no-deal Brexit remains a principal risk for Cygnnet. Cygnnet has considered the impact in a number of areas including:

- **Suppliers**

Cygnnet buys from UK suppliers but the source of their products can be from or via the EU.

- **Employees**

Whilst a relatively small portion of our employees are EU citizens we are keeping a watching brief over this area and continue to strive to recruit the highest calibre of candidates.

- **Increased Costs**

It is reasonable to anticipate that EU imports could be subject to customs charges and tariffs. We do not yet know what duties will be levied so cannot quantify the impact.

- **Mitigation**

We have been working closely with our key suppliers over recent months to understand their Brexit plans.

We have also been undertaking detailed contingency planning for some time to mitigate the impact of a no-deal Brexit in accordance with Government guidance.

We believe we are taking the reasonable steps to ensure that disruption to our patients and other stakeholders is minimised. However, given the uncertainties around the impact of a no-deal Brexit, we cannot rule out some disruption to the business as there may be some circumstances outside of our reasonable control.

Reputational risk

Reputational risk is the risk arising from adverse publicity. Cygnnet believes this is only likely to occur in relation to poor customer and/or service user care and has multi-layered systems to help prevent the risk occurring and manage any challenges arising.

Danshell acquisition and Whorlton Hall

Following the acquisition of Danshell in the summer of 2018 and during the early stages of the integration in 2019, one of the Danshell sites - Whorlton Hall was featured in a BBC Panorama TV programme. This had an impact on Cygnnet during the year.

As soon as we were aware of the allegations, we immediately and simultaneously informed all the relevant authorities, including the Care Quality Commission, NHS Commissioning Authorities, Social Workers and the Police. We also immediately suspended all the members of staff involved, and took the initiative of transferring all the patients out of the service and closed the hospital.

The company has taken the situation extremely seriously conducting a significant operational and procedural review and making investment to rectify issues. It is also reviewing the adequacy of the seller disclosure process at the time of the deal.

UK ACQUISITIONS NO. 6 LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Regulatory risk

Regulatory risk is the risk arising from adverse regulatory inspections, or employees failing to adhere to Cygnet's policies and procedures. All themes and trends arising from CQC inspection reports are disseminated and action planning for improvements is shared across the group for learning purposes and to confirm Board Assurance. Health and Safety regulations are reviewed and internal policies, procedures and training updated in line with those regulations.

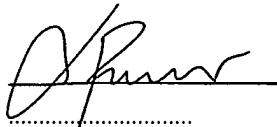
The Group engages in clinical audit, internal audit of systems, controls and continuous monitoring of performance of employees and customer and service user satisfaction.

Cygnet has an external whistleblowing phone line to ensure that any concerns felt by staff can be assured of a full hearing and action as a consequence this is in addition to having a Freedom to Speak Up Guardian (FTSU).

S172

From the perspective of the board, as a result of the group governance structure whereby the entity board is embedded within the group board, the matters that it is responsible for considering under Section 172 (1) of the Companies Act 2006 ('s172') have been considered to an appropriate extent by the group board in relation both to the group and to this entity. The board has also considered relevant matters where appropriate. To the extent necessary for an understanding of the development, performance and position of the entity, an explanation of how the group board has considered the matters set out in s172 (for the group and for the entity) is set out in the body of this strategic report.

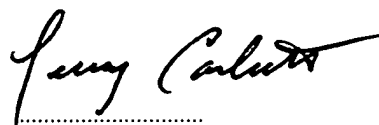
On behalf of the board



Dr Antonio Romero

Director

27 August 2020



Mr Gerald Corbett

Director

27 August 2020

Nepicar House
London Road
Wrotham Heath
Sevenoaks
Kent
England
TN15 7RS

UK ACQUISITIONS NO. 6 LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their annual report and audited financial statements for the year ended 31 December 2019.

Results and dividends

The results for the year are set out on page 18.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend (2018: £nil).

Directors

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

Dr Antonio Romero

Mr Gerald Corbett

(Appointed 7 August 2019)

Mr Mark Ground

Mr Robert Zurad

Mr Steve Filton

Mr Laurence Harrod

(Resigned 7 August 2019)

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the reporting date.

Financial risk management

As an individual company, there is a particular risk around interest rates and the debt is linked to LIBOR rates. The group's activities expose it to a variety of financial risks that include market and external risks, liquidity risk, interest rate risk, credit risk and data risk:

Market and external risks

The business operates in a highly competitive market. Most competition is based on local catchment areas and the funding body's procurement initiatives with the NHS and Local Authorities. Our business continues to be supported by strong relationships with customers, and we continue to work with our regulators aiming to be the market leader in our sector in delivery of clinical quality.

Cygnnet monitors competition closely to ensure that it remains competitive in the market place. We are pleased to be partnering with our commissioners on working together in new innovative ways, and we continue to invest in capital expenditure to maintain existing sites, and to develop further capacity.

Cygnnet manages the risk associated with demand fluctuations by offering diversified services and monitoring demand, converting unused capacity to alternative services when appropriate. Cygnnet monitors prices charged both internally and externally to ensure that its services are appropriately priced to compete and provide value for customers.

There are also other external risks that Cygnnet is exposed to, for example the effects of Brexit and Covid-19.

Cygnnet is monitoring closely the legal and political developments in the process towards Brexit as a result of the 2016 referendum. We have established a Brexit working group which reports to our Executive Team.

We have undertaken planning to prepare the Group for trading post transition period. We take business continuity very seriously and our priority is to mitigate the risks to continuity and safety of patient care, alongside critical issues related to other stakeholders be they employees, customers or consultants.

We undertook detailed contingent planning to mitigate any impacts a no-deal Brexit would have had on the business, this planning was in line with the Government guidance.

UK ACQUISITIONS NO. 6 LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Liquidity risk

Cygnnet relies on publicly funded entities in the UK such as the NHS, Clinical Commissioning Groups (CCGs) and Local Authorities for substantially all of its revenues and the loss or reduction of such funding, or changes in procurement methods, could negatively impact the Company's occupancy rates which could have corresponding material adverse effects on liquidity.

The Group monitors cash flow to ensure it has sufficient available funds for operations and planned expansions, and adapts its service provision depending on what is required. Cygnnet is supported by its long term strategic partner Universal Health Services Inc. ("UHS"), the leading provider of behavioural health care in the USA.

Interest rate risk

Other than funding from its ultimate parent Universal Health Services Inc., the group has no other external funding attracting interest, and therefore has limited exposure to interest rate risk.

Credit risk

The Group has limited credit risk, as the majority of income is due from the NHS, Local Authorities and CCG's. The Group credit risk has not been increased as a result of any Covid-19 implications.

Data risk

The security and availability of operational data is essential and system security hardware and software are used to achieve this.

Cygnnet takes its data protection responsibilities very seriously and is committed to operating within the necessary regulatory boundaries of the data protection legislation. Cygnnet is aware of the requirements and is keeping its data protection and governance practices up to date accordingly.

Cygnnet continued to invest its cash flow in operational infrastructure, its IT and systems infrastructure.

This year we have developed a sophisticated Incident Management System, which links into our other electronic systems and enables real time reporting and the early identification of risks and key themes and trends, this will be rolled out across the business by April 2020.

Employee involvement

The company has no employees.

Post reporting date events

A significant post balance sheet event is the impact of Covid-19. At Cygnnet as the effects of COVID-19 are becoming clear our focus continues to be keeping those in our care, and our staff as protected and safe as possible. We have very dedicated teams who are closely tracking the situation, they have modelled possible outcomes but have assessed limited impact apart from the change to operations to follow Covid-19 guidelines. Our teams meet every day, from Ward to Board, to help ensure business continuity and adaptation to the evolving situation. Cygnnet is informed of government guidance and able to respond to the guidance as it changes. Our priority is to make sure we can provide safe continued care. We are working closely with our business partner, the NHS.

Future developments

This company is not currently looking at making any acquisitions or disposals of investments.

Independent auditors

PricewaterhouseCoopers LLP were appointed as auditors to the company and in accordance with section 485 of the Companies Act 2006. PricewaterhouseCoopers LLP were appointed as auditors in November 2019.

UK ACQUISITIONS NO. 6 LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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.

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.

Statement of disclosure to independent auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

Going concern

The directors have received a letter from Universal Health Services Inc. indicating their intention to:

- (1) continue to provide the financial resources necessary to support the company in meeting its liabilities as and when they fall due for a period of at least one year from the date of signing of the company's financial statements for the year ended 31 December 2019; and
- (2) not to require settlement of outstanding intercompany balances to the extent that money is not, at the relevant settlement date, otherwise available to the company to meet such liabilities for a period of at least one year from the date of signing of the company's financial statements for the year ended 31 December 2019.

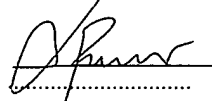
As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so. They have reviewed the consolidated group cash flow forecasts for the entity providing the letter of support extending 12 months from signing date and have concluded there are adequate resources to support the company as a going concern as well as all other subsidiaries to whom support is being provided for this period.

UK ACQUISITIONS NO. 6 LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

The financial statements on pages 18 to 30 were approved by the Board of Directors on ~~....27 August 2020....~~ and signed on its behalf by



Dr Antonio Romero

Director

Date: ~~....27 August 2020....~~



Mr Gerald Corbett

Director

Date: ~~....27 August 2020....~~

Nepicar House
London Road
Wrotham Heath
Sevenoaks
Kent
TN15 7RS

Independent auditors' report to the members of UK Acquisitions No.6 Limited

Report on the audit of the financial statements

Opinion

In our opinion, UK Acquisitions No.6 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 profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 Income Statement, the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

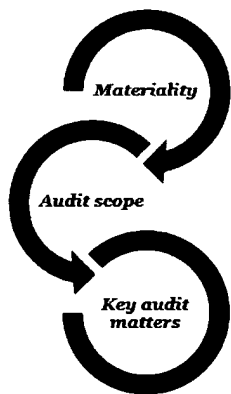
We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit 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.

Our audit approach

Overview



- Overall materiality: £7.5 million (2018: £0.9 million), based on approximately 1% of total assets.
 - This is the audit opinion of UK Acquisitions No.6 Limited Company only. The company operates as a UK holding company and is consolidated by its ultimate parent UHS Inc (incorporated in the US). The company is a holding company with investments in UK subsidiaries. There are limited transactions in the income statement in line with the purpose of the company and therefore we consider total assets to be an appropriate benchmark. This is also a generally accepted auditing benchmark. In the prior year the UK Group was consolidated by the Company and the group materiality benchmark was based on profit before tax owing to the operating nature of the Company's subsidiaries. Therefore, there is a difference in benchmark used to determine materiality for the Company year on year. We note, the UK trading companies have been consolidated by the Company's immediate subsidiary Cygnet Health UK Limited for the year ended 31 December 2019.
 - We have identified a Key Audit Matter relating to the Company's ability to continue as a going concern owing to Covid-19.
-

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
<p><i>Ability of the Company to continue as a going concern owing to Covid-19</i></p> <p><i>Refer to page 7 of the Strategic Report and page 11 of the Director's Report for the Directors' description and assessment of Covid-19.</i></p> <p>As referred in the Strategic Report, the Covid-19 pandemic has presented the Company and its subsidiaries with an ongoing challenge which they continue to monitor and mitigate through ongoing communication with their business partner, the NHS.</p> <p>The Company's subsidiaries are particularly relevant as they carry out the entirety of the UK group's operations and the performance of these companies underpin the investments held by UK Acquisitions No.6 Limited.</p> <p>Given the ongoing uncertainty, we have considered there to be a risk to the Company's and its subsidiaries' ability to continue as a going concern.</p>	<p>For the underlying financial statement line items, we have assessed that Covid-19 is a non-adjusting post balance sheet event. We have however, considered its impact on the going concern of UK Acquisitions No. 6 Limited as part of our assessment of the Company.</p> <p>As part of our going concern assessment for the Company, we have performed the following:</p> <ul style="list-style-type: none">• We reviewed and challenged management's assumptions of the potential impact of Covid-19 on the profitability and cash generation of the UK operations and their ability to pay future dividends to the Company,• We performed our own sensitivities on potential cost recoveries related to personal protective equipment;• We considered the reliability of management's forecast by performing look back procedures on the accuracy of previous forecasts;• We agreed the forecast costs associated to Covid-19 to actual data in management accounts for the 2020 year to date;• We have agreed the current cash position of the Group to bank statements; and• We have obtained a letter of support from the Company's parent United Health Services Inc. and have considered the financial health of this company <p>After performing the above procedures, we have concluded that Covid-19 does not present a heightened risk to the going concern of the Company. Based on this assessment we have reviewed and consider the disclosures within the financial statements to be reasonable.</p>

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	£7.5 million (2018: £0.9 million).
How we determined it	Based on approximately 1% of total assets.
Rationale for benchmark applied	The company is a holding company with investments in UK subsidiaries. There are limited transactions in the income statement in line with the purpose of the company and therefore we consider total assets to be an appropriate benchmark. This also a generally accepted auditing benchmark.

We agreed with the directors that we would report to them misstatements identified during our audit above £375,000 (2018: £90,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which 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.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' 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 Strategic Report and 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.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and 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 Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in respect of the financial statements set out on page 12, 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.

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 auditors' 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.



Nigel Reynolds (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
27 August 2020

UK ACQUISITIONS NO. 6 LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £'000	2018 £'000
Investment income	3	50,000	-
Finance costs	4	(24,497)	(23,324)
Profit/(loss) before taxation		<u>25,503</u>	<u>(23,324)</u>
Tax on profit/(loss)	5	-	-
Profit/(loss) and total comprehensive income/ (expense) for the financial year	11	<u><u>25,503</u></u>	<u><u>(23,324)</u></u>

The income statement has been prepared on the basis that all operations are continuing operations.

There was no other comprehensive income during the year (2018: £nil).

The accompanying notes on pages 21 to 30 form part of the financial statements.

UK ACQUISITIONS NO. 6 LIMITED

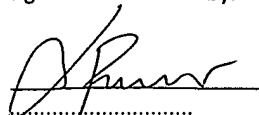
STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

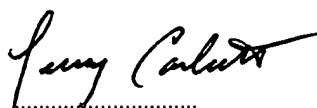
		2019	2018
	Notes	£'000	as restated £'000
Fixed assets			
Investments	6	748,017	748,017
Current assets			
Trade and other receivables	8	252	286
Cash and cash equivalents		35	-
		287	286
Non-current liabilities			
Non current loan	9	(458,043)	(483,545)
Net assets		290,261	264,758
Equity			
Called up share capital	10	325,040	325,040
Accumulated losses	11	(34,779)	(60,282)
Total equity		290,261	264,758

Listed debt has been restated in 2018 from current liabilities to non-current liabilities; there has been no impact on the income statement. For more information refer to note 9.

The financial statements were approved by the board of directors and authorised for issue on 27 August 2020 and are signed on its behalf by:



Dr Antonio Romero
Director



Mr Gerald Corbett
Director

The accompanying notes on pages 21 to 30 form part of the financial statements.

Company Registration No. 09218089

UK ACQUISITIONS NO. 6 LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital	Accumulated losses	Total equity
	£'000	£'000	£'000
Balance at 1 January 2018	298,000	(36,958)	261,042
Year ended 31 December 2018:			
Loss for the year	-	(23,324)	(23,324)
Issue of share capital	27,040	-	27,040
	<hr/>	<hr/>	<hr/>
Balances at 31 December 2018	325,040	(60,282)	264,758
	<hr/>	<hr/>	<hr/>
Year ended 31 December 2019:			
Profit for the year	-	25,503	25,503
	<hr/>	<hr/>	<hr/>
Balances at 31 December 2019	325,040	(34,779)	290,261
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes on pages 21 to 30 form part of the financial statements.

UK ACQUISITIONS NO. 6 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Company information

UK Acquisitions No. 6 Limited is a private company limited by shares incorporated in England and Wales. The registered office is Nepicar House, London Road, Wrotham Heath, Sevenoaks, Kent, TN15 7RS. The registered number is 09218089.

1.1 Accounting convention

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards and Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared on the historical cost basis. The principle accounting policies adopted are set out below, and remain consistent with the prior year, unless stated otherwise.

Where relevant, the company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 39 to 40, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

1.2 Going concern

The directors have received a letter from Universal Health Services Inc. indicating their intention to:

(1) continue to provide the financial resources necessary to support the company in meeting its liabilities as and when they fall due for a period of at least one year from the date of signing of the company's financial statements for the year ended 31 December 2019; and

(2) not to require settlement of outstanding intercompany balances to the extent that money is not, at the relevant settlement date, otherwise available to the company to meet such liabilities for a period of at least one year from the date of signing of the company's financial statements for the year ended 31 December 2019.

As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so. They have reviewed the consolidated group cash flow forecasts for the entity providing the letter of support extending 12 months from signing date and have concluded there are adequate resources to support the company as a going concern as well as all other subsidiaries to whom support is being provided for this period.

UK ACQUISITIONS NO. 6 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.3 Non-current investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.4 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts.

1.5 Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments.

Other financial liabilities

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

UK Acquisitions No. 6 Limited has debt listed on the Cayman Islands Stock Exchange, it is repayable on 31/12/2026 and therefore is non-current. There are no set repayment terms on the loan, but repayments have been made during the year reducing the balance owing. The nominal value of the loan is £373.6m.

In the financial statements for the year ended 31 December 2018, the company presented the debt as a current liability (within Trade and other payables) in the Statement of Financial Position. This has been restated for year ended 2019 as a non-current liability owing to the terms of the debt as summarised below. The effect of the correction is to increase non-current liabilities by £483,545,000 and decrease current liabilities by the same amount.

In 2018, the Company issued £423.6m in nominal value of corporate debt securities on the Cayman Islands Stock Exchange. They are repayable on 31 December 2026 with no repayment requirements in advance of this date and are therefore non-current.

Interest shall accrue on the outstanding balance of the Loan at the rate of 4.6% per annum above the LIBOR (as varied from time to time). Interest shall be compounded quarterly on each Interest Date for each Interest Period and will be calculated on the basis of 365 days year and the actual number of days elapsed in the Interest Period.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

1.6 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

UK ACQUISITIONS NO. 6 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies **(Continued)**

1.7 Taxation

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

Current tax

Tax on the profit or loss for the period comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to the tax payable in respect of previous periods.

The Group allocate group relief to subsidiary entities as appropriate each year.

1.8 New Standards

There are no new accounting standards or amendments to existing accounting standards or IFRIC interpretations that are effective for the year ended 31 December 2019 that have had a material impact on the company's financial statements.

1.9 Judgements and Estimates

In preparing these financial statements the directors have not applied any significant judgements or determined any estimates which are subject to material change.

2 Auditors' remuneration

Fees payable to the company's auditors in the current year are estimated to be £10k (2018: £10k).

This year's audit has been conducted by PricewaterhouseCoopers LLP, last year's audit was completed by KPMG LLP.

3 Investment income

	2019	2018
	£'000	£'000
Income from fixed asset investments		
Income from shares in group undertakings	50,000	-
	<u>50,000</u>	<u>-</u>

4 Finance costs

	2019	2018
	£'000	£'000
Interest on financial liabilities measured at amortised cost:		
Interest on other loans	24,497	23,324
	<u>24,497</u>	<u>23,324</u>

UK ACQUISITIONS NO. 6 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

5 Income tax expense

The charge for the year can be reconciled to the profit/(loss) per the income statement as follows:

	2019 £'000	2018 £'000
Profit/(loss) before taxation	25,503	(23,324)
Expected tax charge/(credit) based on a corporation tax rate of 19.00% (2018: 19.00%)	4,846	(4,432)
Income not taxable	(9,500)	-
Group relief	5,149	4,432
Transfer Pricing	(495)	-
Taxation charge for the year	-	-

6 Investments

	2019 £'000	2018 £'000
Investments in subsidiaries	748,017	748,017

The investments are held at cost net of impairment. At 31 December 2019 the investments were not impaired (2018: no impairment).

UK ACQUISITIONS NO. 6 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

7 Subsidiaries

Details of the company's subsidiaries at 31 December 2019 are as follows:

Name of undertaking	Country of incorporation	Nature of business	% Held
Cygnnet Inter-Holdings Limited	United Kingdom	Holding company	100
Cygnnet 2002 Limited	United Kingdom	Holding company	100
Cygnnet Health Care Limited	United Kingdom	Psychiatric and residential healthcare facilities	100
Stac Healthcare Limited	United Kingdom	Investment property	100
Cygnnet 2000 Limited	United Kingdom	Non trading	100
Cygnnet PropCo HoldCo Limited	United Kingdom	Holding company	100
Cygnnet PropCo HoldCo II Limited	United Kingdom	Holding company	100
Cygnnet PropCo Limited	United Kingdom	Investment property	100
Cygnnet PropCo II Limited	United Kingdom	Investment property	100
Cygnnet Supported Living Limited	United Kingdom	Non trading	100
Cygnnet Trustees Limited	United Kingdom	Non trading, corporate trustee	100
Cygnnet Surrey Limited	United Kingdom	Psychiatric healthcare facilities	100
Cygnnet NW Limited	United Kingdom	Psychiatric healthcare facilities	100
Cygnnet Hospital Holdings Limited	United Kingdom	Holding company	100
Orchard Portman Hospital Limited	United Kingdom	Property holding	100
Orchard Portman House Limited	United Kingdom	Holding company	100
Taunton Hospital Limited	United Kingdom	Property holding	100
Cygnnet Aspirations Developments Limited	United Kingdom	Holding company	100
Cygnnet Care Services Limited	United Kingdom	Residential care facilities	100
Cygnnet Behavioural Health Limited	United Kingdom	Psychiatric healthcare facilities	100
CAS Aspirations Properties Limited	United Kingdom	Investment company	100
CAS Aspirations Properties Limited **	Jersey	Non trading	100

UK ACQUISITIONS NO. 6 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

7 Subsidiaries				(Continued)
Name of undertaking	Country of incorporation	Nature of business	% Held	
Cygnnet Learning Disabilities Limited	United Kingdom	Residential care facilities	100	
Cygnnet Learning Disabilities Midlands Limited	United Kingdom	Residential care facilities	100	
CAS Learning Disabilities Services Limited	United Kingdom	Non trading	100	
CAS St Paul's Limited	United Kingdom	Investment property	100	
CAS Healthcare Properties Limited	United Kingdom	Investment property	100	
Cygnnet Clifton Limited	United Kingdom	Residential care facilities	100	
CAS Clifton Healthcare Limited	United Kingdom	Non trading	100	
CAS Aspirations Properties III Limited **	Jersey	Non trading	100	
Everycorner Limited	United Kingdom	Residential care facilities	100	
Relativeto Limited	United Kingdom	Residential care facilities	100	
Short Ground Limited	United Kingdom	Residential care facilities	100	
Isand (Domiciliary Care) Limited	United Kingdom	Residential care facilities	100	
Caireach Limited	United Kingdom	Residential care facilities	100	
Cygnnet (OE) Limited (Formerly Oakview Estates Limited)	United Kingdom	Residential care facilities	100	
Cygnnet (DH) Limited (Formerly Danshell Healthcare Limited)	United Kingdom	Residential care facilities	100	
Cygnnet (DM) LLP (Formerly Danshell Management LLP)	United Kingdom	Support services	100	
Cygnnet D Holdings Limited (Formerly Danshell Holdings Limited)^	Guernsey	Holding company	100	
Cygnnet DHG Limited (Formerly Danshell Healthcare Group Limited)^	Guernsey	Holding company	100	
CAS Aspirations Properties V Limited**	Jersey	Non trading	100	
Cygnnet Health UK Limited*	United Kingdom	Holding company	100	

UK ACQUISITIONS NO. 6 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

7 Subsidiaries				(Continued)
Name of undertaking	Country of incorporation	Nature of business	% Held	
Isand Limited	United Kingdom	Residential care facilities	100	
Safe Spaces Limited	United Kingdom	Non trading	100	
Cygnnet Health Developments Limited	United Kingdom	Investment property	100	
Cygnnet Health Properties Limited	United Kingdom	Investment property	100	

* indicates direct holdings. Remaining subsidiaries acquired through direct acquisitions.

UK Acquisitions No.6 Limited is consolidated by the ultimate controlling party and immediate parent entity Universal Health Services Inc (refer to note 13). The Company's subsidiaries are consolidated at the smallest level by the Company's immediate subsidiary Cygnnet Health UK Limited.

Unless otherwise stated, all of the companies listed above, are registered and incorporated in England and Wales. All entities has the registered office of Nepicar House, London Road, Wrotham Heath, Sevenoaks, Kent, TN15 7RS with the exception of the Jersey entities (marked ** above) who have a registered office of 9 Burrard Street, St Helier, Jersey, JE4 5UE and Guernsey entities (marked ^^ above) who have a registered office of 18-20 Le Pollet, St Peter Port, Guernsey, GY1 1WH.

The year end of the above companies is the same as the parent company.

UK ACQUISITIONS NO. 6 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

7 Subsidiaries

(Continued)

The Company's share of income for the year and distributable reserves of its subsidiaries are as follows:

	Share of Profit for year ended	Share of capital and reserves	Share of Profit for year ended	Share of capital and reserves
	31 December 2019 £'000	31 December 2019 £'000	31 December 2018 £'000	31 December 2018 £'000
Cygnnet Health UK Limited	40,765	852,219	30,218	861,260

UK ACQUISITIONS NO. 6 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

8	Trade and other receivables	2019 £'000	2018 £'000
	Amounts owed by fellow group undertakings	252	286

Amounts owed by fellow group undertakings are repayable on demand, are non-interest bearing, and have not been impaired.

9	Listed debt	2019 £'000	2018 as restated £'000
	Unsecured borrowings at amortised cost		
	Listed debt	458,043	483,545

In the financial statements for the year ended 31 December 2018, the company presented the debt as a current liability (within Trade and other payables) in the Statement of Financial Position. This has been restated for year ended 2019 as a non-current liability owing to the terms of the debt as summarised below. The effect of the correction is to increase non-current liabilities by £483,545,000 and decrease current liabilities by the same amount.

In 2018, the Company issued £423.6m in nominal value of corporate debt securities on the Cayman Islands Stock Exchange. They are repayable on 31 December 2026 with no repayment requirements in advance of this date and are therefore non-current.

Interest accrues on the outstanding balance at a rate of 4.6% above LIBOR per annum. Interest shall be compounded quarterly on each Interest Date for each Interest Period and will be calculated on the basis of 365 days year and the actual number of days elapsed in the Interest Period. Interest is not repayable until the maturity date of the debt. However, during the year the company has made voluntary repayments of £50m.

10	Called up share capital	2019 £'000	2018 £'000
	<i>Issued and fully paid</i>		
	325,040,001 A Ordinary Shares (2018: 325,040,001) of £1 each	325,040	325,040

11	Accumulated losses	2019 £'000	2018 £'000
	At the beginning of the year	(60,282)	(36,958)
	Profit/(loss) for the year	25,503	(23,324)
	At the end of the year	(34,779)	(60,282)

UK ACQUISITIONS NO. 6 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

12 Related party transactions

The ultimate controlling party and immediate parent entity of the Company is Universal Health Services Inc. The registered office of the ultimate controlling party is 367 South Gulph Road, King of Prussia, PA 19406.

Identity of related parties

The Company has a related party relationship with its parent undertaking, the parent's subsidiaries, its own subsidiaries and with its directors.

The Company has applied the exemption available under FRS101 in respect of transactions with wholly owned subsidiaries.

Other related party transactions

There were no other related party transactions during the current or preceding period.

13 Controlling party

The largest group in which the results of the Company are consolidated is that headed by Universal Health Services Inc., a company incorporated in the US. The consolidated financial statements of these groups are available to the public. Universal Health Services Inc. financial statements may be obtained from <http://www.uhsinc.com/>.