ASX RELEASE

Ramsay Health Care

26 August 2021

Market Announcements Office
ASX Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

Appendix 4E Preliminary Final Report

Please find attached Ramsay Health Care's Appendix 4E Preliminary Final Report and results for the full year ended 30 June 2021.

A presentation of the results hosted by Managing Director and CEO, Craig McNally, and Group CFO, Martyn Roberts, will commence at 10am this morning followed by a question and answer session.

A webcast of the event will be hosted on the Ramsay Health Care website: https://www.ramsayhealth.com/Investors/Annual-and-Financial-Reports.

To pre-register for the webcast please click on the link below:

https://edge.media-server.com/mmc/p/fwwr69z8

A recording and transcript of the webcast will be available later in the day.

Yours sincerely

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The release of this announcement has been authorised by the Ramsay Health Care Board of Directors.

Ramsay Health Care
ABN 57 001 288 768

ASX: FY21
Full Year Results

12 months to 30th June 2021

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Ramsay Health Care

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APPENDIX 4E – KEY MATTERS

Results for Announcement to the Market

Twelve months Ended 30 June $'m	2021	2020	Chg (%)	Chg (%) CC[1]
Revenue from patients and other revenue	12,435.5	11,970.7	3.9	5.8
Total revenue and other income	**13,332.3**	**12,421.5**	7.3	9.4
Share of profit from Ramsay Sime Darby joint venture	10.8	15.9	(32.1)	(37.9)
Earnings before finance costs, tax, depreciation, amortisation and rent (EBITDAR)	**2,208.3**	**1,974.0**	11.9	13.2
Earnings before finance costs, tax, depreciation, amortisation (EBITDA)	**2,053.5**	**1,808.2**	13.6	14.8
Earnings before finance costs and tax (EBIT)	**1,132.6**	**877.5**	29.1	31.0
Financing costs associated with leases (AASB16)	(234.2)	(238.6)	1.8	(0.9)
Net Financing Costs	(156.8)	(172.7)	9.2	8.9
Income Tax Expense	(230.1)	(157.0)	(46.6)	(51.8)
Net Profit after tax	**511.5**	**309.2**	65.4	69.7
Minority interests attributable to non-controlling interests	(62.5)	(25.2)	(148.0)	(174.7)
Net Profit after tax attributable to owners of the parent	**449.0**	**284.0**	58.1	60.4
Final Convertible Adjustable Rate Equities (CARES) dividend per share (¢)[2]	173.7	177.0	(1.9)	
Franking - CARES (%)	100	100	n/a	
Interim ordinary dividend per share (¢)	48.5	62.5	(22.4)	
Final dividend per share (¢)[3]	103.0	0.0	n/a	
Franking final ordinary dividend (%)	100	na	n/a	
Payout Ratio (%)	79	48	n/a	
Basic Earnings per share (after CARES dividend) (¢)[4]	193.2	131.0	47.5	
Fully diluted earnings per share (after CARES dividend) (¢)	192.6	130.5	47.6	
Weighted average number of ordinary shares (m)	227.7	208.1	9.4	
Fully diluted weighted average number of shares (m)	228.4	208.9	9.3	

1 Constant currency
2 Record date for FY21 final CARES dividend is 28th September 2021. Payment date is 20th October 2021
3 Record date for FY21 final dividend is 7th September 2021. Payment date is 30th September 2021
4 The denominator for the purpose of calculating both basic and diluted earnings per share has been adjusted to reflect the $1.5bn equity raise in the second half of FY20 at less than market value

- Revenue from patients and other revenue increased 3.9% on the prior corresponding period (pcp) and includes the impact of capacity restrictions under government contracts across the regions and the impact of the COVID-19 (COVID) environment on both surgical and non surgical admissions
- Total revenue and other income increased 7.3% on the pcp and includes government grants and other payments for the use of Ramsay services and facilities to assist the public sector with the outbreaks of COVID during the year
- EBITDAR increased 11.9% on the pcp and includes the impact of an increase in costs associated with operating in a COVID environment and a change in case mix associated with the pandemic
- EBITDAR includes the impact of the extended lock-down in the state of Victoria in Australia in 1HFY21 of an estimated $70m and the estimated costs of lock-downs in most states of Australia in 2HFY21 of $13m
- The result includes a $24.2m benefit from the disposal of assets ($6.5m pcp), impairment/write off charges of $34.6m ($37.5m pcp), transaction and development costs of $23.8m ($10.4m pcp) and a one off tax credit of $12.8m associated with the change in the UK company tax rate
- Free cashflow declined 14.8% reflecting movements in working capital associated with the revenue guarantee provided by the French Government
- Ramsay continued to invest in and optimise its facilities and footprint. Capital expenditure for the period was $674m
- At 30th June, Ramsay had debt drawn and held in escrow ($1.96bn) to fund the proposed takeover of Spire Healthcare plc (Spire)[1]. This impacted the leverage metrics at 30th June. Leverage at 30th June at the wholly owned funding group level was 2.9x (proforma 0.7x[2])
- A fully franked final dividend of 103.0cps was determined taking the FY21 full year dividend to 151.5cps equivalent to the pre COVID FY19 full year dividend (cps). The full year dividend represents a payout ratio of 79% of statutory profit higher than historical levels reflecting the Board's recognition of the support of shareholders during the uncertainty of COVID and confidence in the strength of the Company's cashflow and balance sheet position

[1] Spire shareholders voted against the transaction proceeding on 19th July 2021 refer ASX announcement "Outcome of Shareholder Vote"
[2] Proforma metrics assume the Spire transaction was not in process at 30th June 2021

2.

OPERATING AND FINANCIAL REVIEW

2.1 Who We Are

Ramsay Health Care (Ramsay) provides quality health care through a global network of clinical practice, teaching and research. Ramsay Health Care's global network extends across 10 countries, with over eight million admissions/patient visits to its facilities in over 460 locations. Ramsay was founded by Paul Ramsay AO (1936-2014) in 1964 and has always focused on maintaining the highest standards of quality and safety; being an employer of choice; and operating the business based on a culture known as the "Ramsay Way" with a philosophy based on "People Caring for People"[1] Ramsay listed on the Australian Stock Exchange in 1997 and has a market capitalisation of A$15.3bn[2] and an enterprise value (EV) of A$17.7bn[2] (EV of A$23.0bn inclusive of lease liabilities). Ramsay employs over 77,000 people globally. Ramsay's operations are split across four regions:

Australia

Ramsay Australia has 72 private hospitals and day surgery units in Australia and is Australia's largest private hospital operator. Ramsay operations include mental health facilities as well as the operation of three public facilities. In addition, Ramsay has established the Ramsay Pharmacy retail franchise network which supports more than 59 community pharmacies. Ramsay Australia admits more than one million patients annually and employs more than 31,000 people.

Europe

Ramsay Santé is the second largest private care provider in Europe, operating specialist clinics and primary care units in approximately 350 locations across five countries in Europe. In France, Ramsay Santé has a market leading position with 132 acute care and mental health facilities. In Denmark, Norway and Sweden, Ramsay Santé operates 210 facilities including primary care units, specialist clinics and hospitals. Ramsay Santé also operates a 93-bed hospital in Italy. Ramsay Santé employs around 36,000 staff and its facilities treat approximately seven million patients each year. Ramsay Health Care owns 52.5% of Ramsay Santé which is listed on the European financial markets' platform Euronext.

UK

Ramsay UK has a network of 34 acute hospitals and day procedure centres providing a comprehensive range of clinical specialities to private and self-insured patients as well as to patients referred by the NHS. Ramsay UK also operates a diagnostic imaging service and provides neurological services through its three neuro- rehabilitation facilities. Ramsay UK cares for almost 200,000 patients per year and employs more than 7,300 people.

Asia

In Asia, Ramsay Sime Darby Health Care Sdn Bhd operates three hospitals in Indonesia, three hospitals and a nursing college in Malaysia and one day surgery in Hong Kong. The business employs more than 4,000 people. Ramsay Sime Darby is a 50:50 joint venture arrangement with Malaysian multinational conglomerate Sime Darby Berhad.

1 Please refer to www.Ramsayhealth.com/About-Us/Values website.
2 Closing price on 24th August 2021.

2.2 Group Performance

2.2.1 Overview of Results

Twelve months Ended 30 June A$'m	2021	2020[1]	Chg (%)	Chg(%) CC[2]
Asia Pacific	5,464.1	5,090.0	7.3	7.3
UK	1,024.1	929.5	10.2	14.6
Europe	6,839.9	6,398.0	6.9	3.3
Total segment revenue & other income	**13,328.1**	**12,417.5**	7.3	9.4
Asia Pacific	871.6	776.2	12.3	11.9
UK	182.4	165.9	9.9	14.1
Europe	1,154.3	1,031.9	11.9	14.1
EBITDAR	**2,208.3**	**1,974.0**	11.9	13.2
Rent and short term low value leases	(154.8)	(165.8)	6.6	3.9
Asia Pacific	855.1	759.3	12.6	12.2
UK	181.2	164.6	10.1	14.2
Europe	1,017.2	884.3	15.0	17.1
EBITDA	**2,053.5**	**1,808.2**	13.6	14.8
Depreciation	(849.3)	(841.9)	(0.9)	(3.6)
Amortisation & impairment	(71.6)	(88.8)	19.4	17.4
Asia Pacific	636.0	535.0	18.9	18.1
UK	92.8	50.6	83.4	93.1
Europe	403.8	291.9	38.3	43.8
EBIT	**1,132.6**	**877.5**	29.1	31.0
Financing costs (AASB16)	(234.2)	(238.6)	1.8	0.9
Net Financing Costs	(156.8)	(172.7)	9.2	6.3
Profit before Tax	**741.6**	**466.2**	59.1	64.0
Income Tax Expense	(230.1)	(157.0)	(46.6)	(51.8)
Net Profit after tax	**511.5**	**309.2**	65.4	69.7
Minority interests attributable to non-controlling interests	(62.5)	(25.2)	(148.0)	(174.7)
Net Profit after tax attributable to owners of the parent	**449.0**	**284.0**	58.1	60.4
Interim dividend per share (¢)	48.5	62.5	(22.4)	
Final dividend per share (¢)	103.0	0.0	na	
Basic Earnings per share (after CARES dividend) (¢)	193.2	131.0	47.5	
Fully diluted earnings per share (after CARES dividend) (¢)	192.6	130.5	47.6	
Weighted average number of ordinary shares (m)	227.7	208.1	9.4	
Fully diluted weighted average number of shares (m)	228.4	208.9	9.3	

1 Ramsay ceased reporting a core /non-core earnings split in FY21. The FY20 reported core regional earnings split has been restated by the applicable non-core items to ensure an appropriate comparison with FY21. The adjustments made are reflected in table 2.2.1.1 below.
2 Constant currency

2.2.1.1 Adjustments to FY20 regional earnings to incorporate non-core items

Twelve months ended 30 June 2020 $'m	Asia Pacific	UK	Santé	Total
Amortisation - service concession assets	(1.7)	-	-	(1.7)
Net profit on disposal of non-current assets	11.2	-	-	11.2
Impairment of non-current assets	(16.0)	(20.7)	(0.8)	(37.5)
Restructuring - personnel costs	(3.7)	(0.7)	(2.6)	(7.0)
Restructuring - service costs	(18.3)	-	(6.5)	(24.8)
Income from the sale of development assets	2.1	-	-	2.1
Book value of development assets sold	(6.8)	-	-	(6.8)
Acquisition, disposal, and development costs	(6.5)	(0.5)	(3.3)	(10.3)
EBIT Impact	**(39.7)**	**(21.9)**	**(13.2)**	**(74.8)**
Income tax impact on non-core items	10.1	2.6	4.5	17.2
Non-controlling interests in non-core items net of tax	-	-	4.6	4.6
NPAT Impact	**(29.6)**	**(19.3)**	**(4.1)**	**(53.0)**

2.2.1.2 Revenue Breakdown by type

Twelve months Ended 30 June $'m	2021	2020	Chg (%)	Chg (%) CC*
Revenue from patients and other revenue	12,435.5	11,970.7	3.9	5.8
Revenue from governments under COVID 19 support contracts	428.7	189.6	126.1	134.7
Revenue from contracts with customers	**12,864.2**	**12,160.3**	5.8	7.8
Interest income	7.1	12.7	(44.1)	(45.1)
Other income - income from government grants	428.3	235.2	82.1	87.3
Other income - income from sale of development assets	20.4	2.1	871.4	870.7
Other income - net profit on disposal of non-current assets	12.3	11.2	9.8	6.3
Total revenue and other income	**13,332.3**	**12,421.5**	7.3	9.4

- In FY21 Ramsay continued to make its facilities and clinical capabilities available to support public health systems in the regions it operates, to assist in the response to further outbreaks of the COVID virus. In return, governments contributed to the overall viability of the private hospital sector through contractual or legislative support
- Revenue from “Governments under COVID support contracts” reflects payments received under agreements with governments in both the UK and Australia (Victoria)[1] that compensated Ramsay for the net recoverable costs associated with maintaining its facilities and workforce for use by the public sector if required
- “Other income from government grants” reflects payments received under French Government decrees which provided compensation for both lost revenue and the cost from 1 March 2020 to 31 December 2020 and 1 January 2021 - 30 June 2021 (refer 2.3.3.2 for further detail) of Ramsay Santé providing its facilities and services to assist with supporting COVID patients. It also includes compensation for COVID related costs from governments in the Nordic region
- Group revenue from patients increased 3.9% over the prior corresponding period (pcp) reflecting stronger surgical admissions as the regions emerged from the first wave of the pandemic, offset by the impact of surgical restrictions introduced under further outbreaks of the virus and lower non surgical admissions in the COVID environment
- Income from the sale of development assets reflects the sale of medical suites in Australia (refer 2.3.1.2.1 for further details)
- Net profit on disposal of non-current assets was earned on the sale of two facilities in France and the sale of nine facilities in Germany by Ramsay Santé (refer 2.3.3.2 for further detail)

2.2.2 EBIT

Group EBIT

Non- Recurring Items in FY21 Result

$'m	Asia Pacific	UK	Europe	RHC Group
Net profit on disposal of non-current assets	11.9	-	12.3	24.2
Impairment/write off of fixed assets	(7.1)	-	(27.5)	(34.6)
Transaction costs/ Acquisition, disposal, and development costs	(5.7)	(8.7)	(9.4)	(23.8)
Total Impact before tax and minority interests	(0.9)	(8.7)	(24.6)	(34.2)
One-off tax credit		12.8		12.8

- Group EBIT increased 29.1% on the pcp and includes the impact of restrictions on surgical and non surgical services across all regions over the period combined with the increased costs associated with operating in a COVID environment; offset to an extent by government payments made in return for making Ramsay’s facilities and capabilities available for use by the public sector and additional compensation in some jurisdictions for the higher costs of operating in a COVID environment
- Net gain on the disposal of assets and investments primarily reflects the impact of the disposal of development assets in Australia combined with the sale of nine facilities in Germany and a number in France. The profit taken on the sale of assets in Germany in the 1HFY21 result of $25.7m has been partially offset in the full year result by provisions for indemnities and warranties associated with the sale of $24m
- Transaction and development costs includes the $8.7m costs associated with the proposed scheme of arrangement with Spire Healthcare plc (Spire) in the UK that did not proceed. In total transaction costs were $23.8m over the 12 month period compared to $10.4m in the pcp
- The 6.6% decline in rent primarily relates to the sale of assets and the restructure of the portfolio in the European business
- The 0.9% increase in depreciation primarily relates to the pipeline of new developments reaching completion and operation at the end of FY20 in the Australian business

2.2.3 Financing Costs and Tax

- Net financing costs declined 9.2% over the pcp due to lower average interest rates and lower average drawn debt levels following the pay down of facilities from the proceeds of the $1.5bn capital raising in April/May 2020
- Financing costs includes the cost of closing out existing swaps during the refinancing of Ramsay Sante's syndicated debt facilities in May 2021 of $12.5m
- The effective tax rate for the period was 31%, lower than the forecast 33% at the 1HFY21 and slightly lower than the pcp due to a one off tax credit of $12.8m booked in the UK related to the enacted change in the corporate tax rate during the period resulting in an increase

[1] Refer Divisional Performance for further details on these contracts

in the value of deferred tax assets (from leases) generating a tax credit (the UK tax rate has been legislated to rise from 19% to 25% from 1 April 2023)

2.2.4 Balance sheet

- The balance sheet remains in a strong position with the financial flexibility to fund the Company's development pipeline and expansion opportunities. At 30th June 2021 the balance sheet reflected the funds drawn down and held in escrow for the proposed scheme of arrangement with Spire Healthcare plc (Spire) ($1.96bn). The scheme of arrangement was voted against by Spire shareholders in July[2]and the funds have been released and the debt repaid
- Other assets includes the $1.96bn held on escrow for the purposes of the Spire transaction at 30th June 2021
- On a proforma basis (assuming the the Spire transaction was not in process at 30 June 2021) available liquidity in the form of cash and undrawn facilities to the Wholly Owned Funding Group[3](WOFG) as at 30th June was A$2.4bn ($1.147bn as reported at 30th June 2021)
- Proforma leverage, return and net debt metrics are reflected in the table below
- In June 2021 Ramsay announced the refinancing of the WOFG bank debt due in October 2022 with a $1.5 billion multi-currency syndicated sustainability linked loan facility. The new facility comprises three $500m tranches maturing in three, four and five years respectively
- The new facility has embedded targets that are aligned with the three pillars of the 'Ramsay Cares' sustainability strategy, Caring for People, Caring for Planet and Caring for Community. The targets have been designed to drive a more intense focus through the business on sustainability, including on the mental health and well being of staff, setting the foundations to reduce our energy intensity and emissions and an emphasis on responsible sourcing within our medical supply chains
- In April 2021, the Ramsay Santé Group refinanced its entire €1,650m syndicated debt facility which was due in October 2022 and October 2024 with a sustainability linked loan. The facility comprises two tranches, €900m which matures on April 22, 2026 and €750m on April 22, 2027 and has sustainability targets specific to the European business that also align with the "Ramsay Cares" strategy. The refinancing was completed at materially improved margins and is expected to drive interest cost savings in the order of €10m in FY22

A$'m	30-6-2021	31-12-2020	30-6-2020
Working capital	(802.9)	(1,225.0)	(875.6)
Property plant & equip	4,488.6	4,466.6	4,447.2
Intangible assets	4,233.6	4,203.3	4,246.1
Current & deferred tax assets	150.7	211.6	143.6
Other assets/(liabilities)	1,654.3	(267.0)	(138.7)
Capital employed (before right of use assets)	**9,724.3**	**7,389.4**	**7,822.6**
Right of use assets	4,411.5	4,328.8	4,477.9
Capital employed	**14,135.8**	**11,718.2**	**12,300.5**
Capitalised Leases (AASB16)	**5,271.0**	**5,142.7**	**5,289.2**
Net Debt[1]	4,314.0	2,149.4	2,775.4
Total shareholders funds (excl minority interest)	4,032.7	3,925.5	3,752.5
Invested Capital	**8,346.7**	**6,074.9**	**6,527.9**
Return on Capital Employed (ROCE) (%)	8.6	7.0	8.7
Return on invested capital (ROIC) (%)[2]	5.4	4.1	4.4
Wholly Owned Funding Group Leverage (Old Lease Standard AASB 117) (x)	2.9	0.9	1.0
Consolidated Group Leverage (New Lease Standard AASB 16) (x)	4.7	3.4	4.4
FFO adjusted leverage (x)[3]	2.0	-	4.5

1 Net debt includes derivatives and excludes lease liabilities
2 ROIC calculated as rolling 12 month NPAT/Shareholders funds minus lease liabilities
3 Ramsay estimate calculated in line with credit rating agency Fitch methodology. Fitch calculation may differ. FY21 calculation is on a proforma basis assuming that the Spire transaction was not in process at 30th June 2021

Proforma Net Debt, Leverage and Return Metrics at 30th June 2021

	30-6-2021[1]	30-6-2020
Net debt (excl. lease liability debt and incl. derivatives) A$'m	2,355.7	2,775.4
Return on Capital Employed (ROCE) (%)	9.3	8.7
Return on invested capital (ROIC) (%)[2]	7.0	4.4
Wholly Owned Funding Group Leverage (Old Lease Standard AASB 117) (x)	0.7	1.0
Consolidated Group Leverage (New Lease Standard AASB 16) (x)	3.7	4.4

1 Assumes Spire transaction was not in process at 30th June 2021
2 ROIC calculated as: rolling 12 month NPAT/Shareholders funds plus net debt minus liabilities

[2] Refer ASX announcement on 19th July for further details on the vote
[3] WOFG - excludes Ramsay Santé and Ramsay Sime Darby. Banking covenants calculated on WOFG balance sheet

2.2.5 Cashflow

Twelve months ended 30 June A$'m	2021	2020	Chg (%)
EBITDA	2,053.5	1,808.2	13.6
Changes in working capital	(72.7)	435.0	(116.7)
Finance costs	(367.5)	(418.8)	12.2
Income tax paid	(228.2)	(203.4)	(12.2)
Movement in other items	96.1	59.7	61.0
Operating cash flow	**1,481.2**	**1,680.7**	(11.9)
Capital expenditure	(628.9)	(680.6)	7.6
Free cash flow	**852.3**	**1,000.1**	(14.8)
Net (acquisitions)/divestments	(1,910.2)	(22.7)	(8,315.0)
Interest & dividends received	34.9	47.3	(26.2)
Cash flow after investing activities	**(1,023.0)**	**1,024.7**	(199.8)
Dividends	(125.1)	(335.1)	62.7
Other financing cash flows	709.1	103.2	587.1
Net increase/(decrease) in cash	**(439.0)**	**792.8**	(155.4)
Interest cover (x) (EBITDA/finance charges)	5.6	4.3	n/a

- In France cash advances received under revenue guarantee arrangements are reflected in working capital for the period and were in excess of revenue guarantee accruals
- The 2020 change in working capital reflected the impact of cash advances received from the French government in relation to the revenue guarantee scheme. So far the payments have not been settled to the extent anticipated, resulting in only a small change in working capital in 2021. At 30th June 2021 the settlement to be paid to the French Government is estimated at €121m
- The decline in dividends paid reflects the Boards decision not determine an FY20 final dividend
- Net acquisitions reflects the funds placed in escrow at 30th June for the purposes of the proposed Spire transaction (A$1.96bn). These amounts were returned and the debt repaid following the shareholder vote in July
- Financing cashflows reflect the repayment of debt facilities following the $1.5bn capital raising launched in April 2020
- Group capital expenditure over the period including commitments was A$674m split between Europe, A$356m, Australia A$260m and the UK A$58m. Capital expenditure declined on the pcp reflecting spend brought forward into FY20 following the completion of Australian projects ahead of time
- Group capital expenditure for FY22 is expected to be in the range $900-1,100m. Refer to 2.3 Divisional Performance for further details

2.2.6 Outlook

- Ramsay's FY22 result will be impacted by the effectiveness of the ongoing global response to the COVID pandemic, including the success of vaccination programs in each region in reducing the number and severity of COVID cases. Vaccination rates will dictate the extent to which each region can operate on an unrestricted capacity basis and will influence patient and doctor comfort levels in returning to a hospital environment for both surgical and non-surgical services
- Surgical back logs and latent demand for non-surgical services are expected to continue to drive volumes as countries emerge from lock-downs. Ramsay expects to assist with relieving pressure on public wait lists. The pace at which backlogs are addressed will be dependent to an extent on governments providing health systems with additional funding
- In Australia, the 1HFY22 results will be impacted by reduced activity levels flowing from the lock-downs in NSW, Queensland and Victoria. The EBIT impact of lock-downs in July in Australia was approximately $13m (inclusive of higher costs associated with COVID)
- Due to the introduction of surgical restrictions on 23rd August 2021 at seven of Ramsay's hospitals in Greater Sydney the total EBIT impact in FY22 is forecast to be significantly more material and will depend on the duration of the restrictions. By way of reference, the estimated EBIT impact of an approximately 90 day restriction on elective surgeries in Victoria in 2020 was $70m. Ramsay's business in NSW is approximately twice the size of Victoria
- In the absence of further lock-downs, earnings are expected to improve as peak COVID costs decline and further business efficiencies are identified. While margins are expected to improve through a return to a pre COVID case mix over time and peak COVID costs abating the results will continue to be impacted by higher usage and elevated costs of PPE and other ongoing costs associated with social distancing and screening (refer 2.3.1.4 for further information on the Outlook for Asia Pacific)
- In the UK, the business is focused on the significant opportunity associated with the backlog of privately insured and self-funded patients in the UK and increasing its market share of these segments over time through further investment in clinical excellence to attract doctors and patients
- Ramsay UK signed a new National Increasing Capacity Framework Agreement with the NHS for an initial term of two years, plus a two-year extension. The business will continue to support the NHS priorities flowing from the impacts of the pandemic and will work with the NHS to assist with addressing the backlog in elective procedures and treatments and waiting list reduction
- Activity in July and August has been impacted by snap 10-day isolation orders notified by the UK Governments COVID tracing app. This has resulted in employees, doctors and patients being forced to isolate at short notice driving the cancellation of surgeries. As the rules stipulating isolation upon receipt of an app notification are rolled back the recovery in admissions is expected to continue
- The UK business will have the full year benefit of capacity in three new facilities completed in the last twelve months. The business will continue to look for opportunities to expand the hospital footprint with new greenfield sites (refer 2.3.2.4 for further detail on the outlook for the UK)

- The French Government is expected to extend the decree issued in April 2021 for the period 1 January - 30 June 2021 to 31 December providing support and certainty to Ramsay Santé. The businesses in the Nordics are expected to continue to perform strongly ex-lockdowns as countries in the region emerge from COVID and the backlog in demand for healthcare services is addressed (Refer 2.3.3.4 for further detail on the outlook for the Europe)
- COVID case numbers in France and the Nordic region have increased in July and August driving higher hospitalisations both businesses will be impacted by any further lock-downs
- Ramsay will continue to invest in the business and optimise its facilities and footprint to strengthen its competitive advantage and leverage the scale of the business. Total Group capital expenditure for FY22 is expected to be in the range of $900m-1.1bn. The increase in capital expenditure is primarily being driven by an increase in brownfield capital expenditure in Australia combined with growth capital expenditure in Europe and the UK and an increase in digital investment in the UK
- Capital expenditure is expected to remain at elevated levels in FY23-FY25 in light of the significant development pipeline in the Australian business
- Ramsay's strong balance sheet and cashflow position the business well to deliver on its long-term strategy and the business will remain disciplined in its approach
- As part of its commitment to sustainability, Ramsay has commenced aligning its reporting with the Taskforce for Climate related Financial Disclosures (TCFD) recommendations on climate-risk
- Investment in the "Ramsay Cares" sustainability strategy will be focused on the mental health and well-being of employees, setting the foundations to reduce the Company's energy intensity and emissions and an emphasis on responsible sourcing within medical supply chains

2.3 Divisional Performance

2.3.1 Asia Pacific

2.3.1.1 Overview of Results

Australia

Twelve months Ended 30 June $'m	2021	2020[1]	Chg (%)
Revenue from patients	5,429.7	5,037.1	7.8
Revenue from governments under COVID 19 support contracts	11.1	30.9	(64.1)
Other income - income from the sale of development assets	20.4	2.1	871.4
Other income - net profit on disposal of non-current assets	0.0	11.2	(100.0)
Intersegment revenue	2.9	8.7	(66.7)
Total revenue and other income	**5,464.1**	**5,090.0**	7.3
EBITDAR	**860.8**	**760.3**	13.2
Rent	(16.5)	(16.9)	2.4
EBITDA	**844.3**	**743.4**	13.6
Depreciation	(204.9)	(197.4)	(3.8)
Amortisation and impairment charges	(14.2)	(26.9)	47.2
EBIT	**625.2**	**519.1**	20.4
Financing costs associated with leases (AASB16 leases)	(38.8)	(35.3)	10.0
EBIT after financing costs associated with leases	**586.4**	**483.8**	21.2
Capital Expenditure	**260.0**	**348.8**	(25.5)

1 *FY20 restated to reflect non-core items taken below the line in FY20. Refer table 2.2.1.1 for allocation of non-core items*

Contribution from Asian Joint Venture

Twelve months Ended 30 June $'m	2021	2020	Chg (%)
Share of profit from Joint Venture	10.8	15.9	(32.1)

Twelve months Ended 30 June MYR'm	2021	2020	Chg (%)
Revenue	1,077.8	968.9	11.2
EBITDA	240.8	214.5	12.3
EBIT	**133.3**	**100.6**	**32.5**

2.3.1.2 Review of Results

2.3.1.2.1 Australia

- During the 1HFY21, Ramsay Australia assisted the Victorian Government with both staff and facilities to support the public hospital system and aged care sector impacted by the second significant wave of COVID cases in that State

- Elective surgery restrictions in Victoria were reintroduced on 23 July 2020, phasing out from the end of September with 100% unrestricted capacity in all hospitals returned at the end of November. The estimated impact of these restrictions to EBITDAR in 1HFY21 was $70m
- Total revenue includes $11.1m received from state governments (mainly the Victorian Government) under the viability agreement commenced on 23 July 2020 which allowed net recoverable costs (recoverable costs less any revenue generated from operations calculated on an accruals basis) to be claimed by Ramsay in return for maintaining full workforce capacity at the facilities required to assist with the COVID pandemic
- Over the course of 2HFY21 the Australian operations were impacted by COVID induced snap lock-downs across all states. The impact of each lock-down was influenced by whether surgical restrictions were imposed, the number of work days impacted and the nature of facilities in the state such as emergency departments. The total cost to EBITDAR of the multiple state lock-downs is estimated to have been $13m
- Ramsay Australia reported a 7.8% increase in revenue from patients compared to the pcp (ex-Mildura up 10.2%)[1].
  – Revenue from patients in 2HFY21 increased 15.7% compared to the pcp to $2.1bn (19.2% increase ex-Mildura hospital).
  – Revenue for 2HFY21 increased 4.8% compared to 2HFY19 (ex- MIldura an increase of 7.8%)
- FY21 surgical admissions per work day increased 12.8% on the pcp (ex-Mildura increased 15.2%)
  – Surgical admissions per work day in 2H FY21 increased 23.9% on the pcp (ex-Mildura an increase of 27.2%)
  – Surgical admissions in 2HFY21 increased 5% on 2HFY19 despite the impact of snap lock-downs (ex-Mildura an increase of 7.5%)
- Non surgical admissions per work day for the twelve months including medical, psych, obstetrics and rehabilitation were 2.1% above the pcp (up 3.1% ex-Mildura) the lower growth reflecting the impact of social distancing and lock-downs
  – Non-surgical admissions in 2HFY21 were 10.7% above the pcp (ex-Mildura an increase of 12.4%) driven by improving trends in rehab and psych and stronger maternity volumes however non surgical admissions were impacted by snap COVID lock-downs
  – Non-surgical admissions in 2HFY21 were 1.1% above 2HFY19 (ex- Mildura an increase of 2.3%) driven by weakness in day patient psych, inpatient rehab and maternity admissions
- Strong public admissions growth in Ramsay's non-public hospitals, revenue was up 100% from a low base and admissions were up 40% on pcp
- The result was impacted by the transfer of the Mildura hospital back to the Victorian State Government on 14th September 2020 (revenue impact $50.5m compared to the pcp)
- Revenue from the Pharmacy network grew 3.4% over the pcp to $464m driven by improved performance from our hospital dispensaries offsetting the lower revenue from the retail pharmacies due to the closure of stores or reduced hours during the year
- EBITDAR increased 13.2% on the pcp and includes the impact of increased costs associated with operating in the COVID environment including the higher costs and usage of PPE, higher personnel costs associated with screening and social distancing and lower volume rebates. In 1HFY21 the impact of COVID related costs (excluding Victoria) to EBITDAR was $8-9m per month on average and reduced to $4-5m per month on average in 2HFY21
- EBITDAR includes profit on the sale of medical suites of $11.9m compared to profit on disposal of assets combined with the net income from the sale of development assets in the pcp of $7.6m in the pcp. Refer 2.2.2 for details on non-recurring items in the result
- In FY21 an impairment/write-off of $7.1m was taken compared to a $16m impairment in the pcp
- Depreciation increased 3.8% on the pcp reflecting new facilities completed in FY20 as part of Ramsay's brownfield expansion program
- The Australian result includes global head office costs that increased by $30.1m at the EBIT level compared to the pcp primarily due to additional LTI and STI provisions and an increase in other provisions versus the pcp

2.3.1.2.2 Ramsay Sime Darby

- The contribution from Ramsay Sime Darby (RSD) declined 32% on the pcp to $10.8m.
- The result was impacted by an impairment taken against the Hong Kong operation and a significantly higher tax rate due to a lower investment tax allowance
- Revenue increased 11.2% to MYR1,077.8m. Lower elective surgical admissions were offset by higher diagnostic pathology services in Indonesia and Malaysia driven by an increase in COVID PCR testing and admission of COVID patients in Indonesia as a result of a significant growth in cases in both countries
- In Malaysia RSD hospitals have worked closely with the Government resulting in contracts to take non COVID patients for certain procedures from the public system to relieve the pressure on public facilities caused by COVID-19 cases. RSD has also been treating self-funded COVID-19 cases
- RSD hospitals in Indonesia continue to treat Government, insured and self-funded COVID-19 patients
- During the 12 month period RSD acquired one hospital in Malaysia and signed the sale and purchase agreement for the divestment of the nursing college in Malaysia which is pending the Ministry of Higher Education's approval, targeted to be obtained before the end of 2021

2.3.1.3 Capital Expenditure

- Ramsay Australia capital expenditure for the twelve-month period was $260m with $140m invested in brownfield and greenfield developments. Projects completed during the twelve-month period delivered 93 gross beds (net 25 beds), 3 theatres (net 1) and 17 renal chairs (net 7). Spend was lower in FY21 than the pcp due to the pull forward of spend as a number of projects completing earlier than schedule in FY20
- Spend included $16.7m on digital projects during the year
- Total capital expenditure in FY22 is expected to be in the range $400-500m. Of this $260-340m is expected to be invested in greenfield or brown field projects. This represents a significant increase in investment on the pcp reflecting the acceleration of a number of projects to modernise and expand the existing hospital footprint, build out the mental health offering, invest in opportunities in new and adjacent health services and expand the cancer care business. Projects in FY22 include expansions at Greenslopes, Westmead, Beleura, Pindara and Hollywood combined with the greenfield hospital development at Epping in Victoria

[1] Ramsay transferred the operation of the Mildura public hospital back to the Victorian Government in September 2020

2.3.1.4 Outlook

- Ramsay Australia expects the volatility in patient admissions to reduce as vaccination rates increase, diminishing the need for lock-downs due to COVID outbreaks. The rate of recovery in demand for non-surgical services will be impacted by any ongoing COVID related operating restrictions and confidence amongst doctors and the general public to return to the hospital environment
- While broad surgical restrictions had not been put in place initially in Greater Sydney the extended lock-down that commenced in late June caused significant disruption to admissions as patients have cancelled appointments, staff and doctors were forced into isolation due to exposure to COVID cases in the community and social distancing rules came back into force impacting rehab and mental health admissions
- The Victorian lock-downs since year end have not imposed surgical restrictions but activity levels have been impacted by cancellations
- Despite the lock-downs total admissions for July (ex-Mildura) increased 4.3% compared to July 2020 and 6.3% compared to July 2019
- The EBIT impact of lock-downs in Australia in July was approximately $13m inclusive of COVID costs
- Due to the introduction of surgical restrictions on 23rd August 2021 at seven of Ramsay's hospitals in Greater Sydney the total EBIT impact in FY22 is forecast to be significantly more material and will depend on the duration of the restrictions. By way of reference, the estimated EBIT impact of an approximately 90 day restriction on elective surgeries in Victoria in 2020 was $70m. Ramsay's business in NSW is approximately twice the size of Victoria
- Over the medium term top line organic growth is expected to be driven by a back log in elective surgical admissions, a recovery in non-surgical admissions, organic market growth, a drive by the business to increase market share through investment in clinical facilities to attract new doctors and the expansion and improvement of the current hospital footprint
- Ramsay Australia will continue to incur higher costs associated with operating in a COVID environment in FY22 primarily around the increased use and cost of PPE and the impact of social distancing measures. Scale benefits associated with global procurement, calculated on a calendar year basis, are expected to return in FY22 as volumes recover however will be impacted by lock-downs. Average monthly increase in costs associated with operating in a COVID environment ex the lock-downs are expected to continue to be in the order of $4-5m per month in 1HFY22
- Ex-lockdowns case mix is expected to move back towards pre COVID levels positively impacting margins however overall EBITDAR margins are not expected to return to FY19 levels in FY22 due to the higher costs of operating in the COVID environment
- Costs will be impacted by the increase in the superannuation rate for staff and the imposition of the mental health levy via a payroll tax increase in Victoria from 1st January 2022
- If borders remain closed the availability of trained overseas nursing staff may become an issue for the business from a cost and staff availability perspective. Ramsay is focused on creating strong graduate training programs to build an experienced staff pool in-house to fill potential gaps
- Depreciation is expected to increase in line with the completion of brownfield developments and the accelerated depreciation of two sites due to future planned upgrades and the return of the Peel public hospital to the Western Australian Government in August 2023
- The Pharmacy business is moving towards a model that focuses on hospital dispensaries and community franchise pharmacies co-located with or near medical centres and Ramsay sites to support patient pathways as part of an integrated health care solution
- Ramsay Sime Darby will continue to offer assistance to the public sector in its regions. The joint venture expects to continue to participate in PCR testing across the regions supporting earnings in some areas. A return to pre pandemic elective surgery and medical admissions will be dictated by the reduction in the spread and the impact of COVID with vaccination rates currently low due to the availability of vaccines
- As vaccination rates increase and movement restrictions are reduced the business should benefit from a new hospital in Malaysia acquired in 2HFY21

2.3.2 Ramsay UK

2.3.2.1 Overview of Results

Twelve months Ended 30 June $'m	2021	2020[1]	Chg (%)
Revenue from patients and other revenue	606.5	770.8	(21.3)
Revenue from governments under COVID 19 support contracts	417.6	158.7	163.1
Total revenue and other income	**1,024.1**	**929.5**	10.2
EBITDAR	**182.4**	**165.9**	9.9
Rent	(1.2)	(1.3)	(7.7)
EBITDA	**181.2**	**164.6**	10.1
Depreciation and amortisation	(88.4)	(93.2)	5.2
Impairment	-	(20.8)	na
EBIT	**92.8**	**50.6**	83.4
Financing costs associated with leases (AASB16)	(81.8)	(85.1)	3.9
EBIT less financing costs associated with leases	**11.0**	**(34.5)**	131.9
Capital Expenditure	58.0	65.7	11.7

1 *FY20 restated to reflect non-core items taken below the line in FY20 refer table 2.2.1.1 for allocation of non-core items*

Overview of Result in Local Currency

Twelve months Ended 30 June £'m	2021	2020	Chg (%)
Total Revenue	567.7	494.8	14.7
EBITDAR	101.1	89.5	13.0
EBITDA	100.5	88.8	13.2
EBIT	51.4	26.9	91.1

2.3.2.2 Review of results

- Ramsay UK continued to support the NHS as further waves of the pandemic impacted the public health system during the year. Ramsay has treated 650,000+ NHS patients since the start of the pandemic, performed 16,000+ cancer treatments for the NHS and hosted 20+ NHS services including 50,000+ MRI and CT scans
- In 1HFY21 Ramsay UK operated under an agreement with the NHS[1] covering the period 1 July 2020 to 31 December 2020. The agreement provided for Ramsay UK to receive net cost recovery for its services to NHS and allowed for the return of some capacity for private patient activity and routine NHS elective surgery activity.
- In 2HFY21 Ramsay operated under a revised volume based agreement with the NHS covering the period 1 January 2021 through to 31st March 2021[2]. As a result of the jump in COVID cases the NHS triggered peak surge arrangements resulting in Ramsay capacity at 14 hospitals being utilised during the 3QFY21. In these circumstances Ramsay was paid on a cost recovery basis
- In the 4QFY21 Ramsay provided activity to the NHS under a new National Increasing Capacity Framework Agreement. This operating arrangement with the NHS is expected to continue through FY22
- The net cost recovery paid under the NHSE agreement for the twelve-month period was A$417.6m and is reflected in revenue from government contracts
- Private admissions returned strongly post the lock down easing in April, and the increased weighting to these admissions during the 4QFY21 improved payor and complexity mix
- The 21.3% decline in net patient revenue reflects the capacity restrictions under the various agreements with the NHS during the 12 month period.
- Private insured and self pay patient admissions returned strongly post the lock down easing in April and the increased weighting to these admissions during the 4QFY21 improved margin mix.
- Neurological rehabilitation revenues over the 12 month period increased 4.4% despite social distancing restrictions and reflected an improved contribution
- EBITDAR increased 9.9% and included a 10% increase in personnel costs and an 18.9% increase in supplies and purchases both increases reflecting higher costs associated with operating in a COVID environment.
- The result includes A$8.7m of transaction costs associated with the proposed scheme of arrangement with Spire which was voted down by Spire shareholders on 19th July 2021.[3]

2.3.2.3 Capital Expenditure

- Capital expenditure over the twelve-month period was A$58m of which $23m was invested in brownfield developments, digital and growth projects. Projects included two new day hospitals in Beacon Park Hospital and Stourside Hospital, with a third, Buckshaw Hospital in Preston, due to open in September 2021
- Ramsay UK also invested £12m in expanding and upgrading its diagnostic capabilities. The investment has been made in both new and upgraded modalities, including MRI, CT, X-ray and 3D mammography, as well as digital and remote technologies supporting the ongoing strategic commitment to expanding capacity for diagnostic services and ensuring the latest diagnostic technologies within and across the hospital footprint. The investment is critical to developing end to end patient pathways, and meeting the sustained demand for health services forecast in the UK over the next few years
- It further invested and deployed key technological infrastructure projects, including the roll-out of SAP and upgraded the electronic patient record (ePR) at 13 pilot locations prior to the full deployment of ePR to the remaining hospitals across the UK by November 2021
- Capital expenditure in FY22 is forecast be in the range $100-140m. Projects will be focused on:
  - Strengthening the core hospital business developing further greenfield hub-spoke day surgery and inpatient capabilities and diagnostic imaging capacity and enhanced remote and AI functionality;
  - Upfront investment in the patient health platform with stakeholder interface and patient engagement including building digital bookings to insurers and integration with the electronic patient record development program commenced in FY21; and
  - Further investment in core network architecture and data management systems, including cloud capabilities and cyber security

2.3.2.4 Outlook

- In April 2021, Ramsay signed a new National Increasing Capacity Framework Agreement with the NHS for an initial term of two years, plus a two-year extension
- The business is focused on the significant opportunity associated with the backlog of privately insured and self-funded patients in the UK and to increase its share of these markets over time through increased investment in clinical excellence to attract doctors and patients
- Ramsay will continue to support the NHS priorities flowing from the impacts of the pandemic and will work with the NHS to assist with addressing the backlog in elective procedures and treatment and waiting list reduction

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[1] ASX announcement 14 October 2020 "Ramsay Health Care Varies Agreement with NHS"
[2] ASX announcement 22 December 2020 "Ramsay Health Care enters new agreement with NHS England"
[3] ASX announcement 19 July 2021 "Results of Scheme Meeting"

- The FY22 result will have the full year benefit of capacity in three new facilities completed in the last twelve months. It will continue to look for opportunities to expand the hospital foot print with new greenfield sites
- Activity in July and August has been impacted by snap 10-day isolation orders notified by the UK Governments COVID tracing app. This has resulted in staff, doctors and patients being forced to isolate at short notice driving the cancellation of surgeries. As the rules stipulating isolation upon receipt of an app notification are rolled back the recovery in admissions is expected to continue
- While 98 per cent of Ramsay UK staff have been vaccinated there is expected to be a need for booster vaccines to counter new variants of the virus and the risk of further lock-downs and uncertainty around the operating environment
- It remains unclear whether Brexit and the post COVID demand for additional nurses and clinicians in most countries in the world will impact Ramsay's access to appropriate skills and place pressure on the cost base in the UK
- Whilst Ramsay UK will continue to be impacted by the higher costs associated with the COVID environment, the business has a number of efficiency projects in place to offset the increase in costs
- The NHS 2021/22 tariff is yet to be finalised and is not due to be implemented until 1 October 2021

2.3.3 Ramsay Santé

2.3.3.1 Overview of Results

Twelve months Ended 30 June A$'m	2021	2020[1]	Chg (%)
France			
Revenue from patients and other revenue	4,574.9	4,352.7	5.1
Other income - net profit on disposal of non-current assets	10.3	-	na
Income from government grants	336.4	235.2	43.0
Total revenue and other income	**4,921.6**	**4,587.9**	7.3
EBITDAR	**947.4**	**863.4**	9.7
Rent	(117.5)	(122.7)	4.2
EBITDA	**829.9**	**740.7**	12.0
Depreciation	(465.7)	(414.4)	(12.4)
Amortisation & impairment	(7.0)	(41.2)	83.0
EBIT	**357.2**	**285.1**	25.3
Financing costs associated with leases (AASB16)	(103.5)	(107.6)	4
EBIT less financing costs associated with leases	**253.7**	**177.5**	42.9
Nordics			
Revenue from patients and other revenue	1,824.4	1,810.1	0.8
Income from government grants	91.9	-	n/a
Other income - net profit on disposal of non-current assets	2.0	-	n/a
Total revenue and other income	**1,918.3**	**1,810.1**	6.0
EBITDAR	**206.9**	**168.5**	22.8
Rent	(19.6)	(24.9)	21.3
EBITDA	**187.3**	**143.6**	30
Depreciation	(112.0)	(136.8)	18.1
Amortisation	(28.7)	-	n/a
EBIT	**46.6**	**6.8**	585.3
Financing costs associated with leases (AASB16 leases)	(10.1)	(10.6)	5
EBIT less financing costs associated with leases	**36.5**	(3.8)	n/a
Total Revenue and other income - Europe	**6,839.9**	**6,398.0**	6.9
EBIT - Europe	**403.8**	**291.9**	38.3
Total Europe Capital Expenditure	**356.2**	**280.2**	27.1

1 FY20 result in the table above is restated to reflect non-core items taken below the line in FY20. Refer table 2.2.1.1 for allocation of non-core items

Ramsay Santé - Result in local currency

Twelve months Ended 30 June €'m	2021	2020	Chg (%)
Total Revenue	4,282.5	3,887.2	10.2
EBITDAR	722.7	641.1	12.7
EBITDA	636.9	551.5	15.5
EBIT	252.8	192.8	31.1

2.3.3.2 Review of Results

- Over the 12 month period Ramsay Santé continued to play an important role in assisting governments in the regions in which it operates to deal with the pandemic. The business treated well above 11,000 COVID patients in its facilities during the 12 month period, significantly above Santé's market share in France and Sweden
- In May 2020 the French Government issued a decree providing private hospital operators including Ramsay Santé with a guarantee of revenue for the ten months from 1 March 2020 to 31 December 2020 to compensate it for the use of its facilities and services if required during the pandemic. The revenue guarantee was based on the average monthly revenue in CY2019 indexed for one year and multiplied by 10 reflecting the months covered by the decree. The method of calculation smoothed the business seasonality driven by the northern hemisphere summer
- In April 2021 the French Government issued a new revenue decree providing support for Ramsay Sante's operations from 1 January 2021 to 30 June 2021.[1] The calculation of revenue under the new decree is similar to the calculations under the decree issued in 2020 based on average monthly revenue in CY2019 with some indexation applied. Income from government grants in France for FY21 was $336.4m
- The payments made under the revenue guarantee in France are yet to be fully settled with Ramsay's actual billings, the build up in working capital on the balance sheet since the start of the pandemic has declined from its peak at 31 December 2020 however is still material. The current estimate of the payment to settle with the French Government at 30th June is currently a net position of €121m
- In parallel with the revenue guarantee scheme the French Government also provided compensation for the additional costs incurred related to operating in a COVID environment including additional PPE costs
- The French Government also provided compensation for the material increase in salaries for nursing staff committed to by the French Government in 2020. The increase in salaries has been built into tariffs from 1 March 2021 for the MSO (medical, surgical and obstetrics) business moving forward. The compensation for salary increases is reflected in the revenue line offsetting the additional costs in the personnel expenses line
- Ramsay Santé also received compensation from governments in the region for both lost revenue and costs associated with operating in the COVID environment in the Nordics region, predominantly in Sweden
- Total European revenue increased 6.9% to $6,839.9m and included government support payments of A$428.3m. Revenue was impacted by the sale of a portfolio of nine German hospitals in 1HFY21 of ~€80m
- During the period Ramsay Santé also booked transaction and development costs of $9.4m compared to $3.4m in the pcp
- Revenue from patients in the French business increased by 5.1% on the pcp primarily due to the inclusion of the significant tariff increase related to the nursing salary increase. A strong first quarter in surgical volumes was offset by the cancellation of non-urgent surgical and medical activity at various times over the course of the rest of the year as COVID cases took priority
- Total MSO admissions in France increased 8.8% on the pcp to 2.1m however inpatient admissions were down 1.5% limited by social distancing requirements and the reluctance of the public to attend hospitals due to the presence of COVID patients
- Mental health admissions increased 5.9% however inpatient admissions were impacted by social distancing requirements as were rehabilitation admissions
- The French result includes net profit on disposal of assets of $10.3m in France and reflects the sale of the Saint Vincent clinic in Besançon and the Saint Pierre Clinic in Pontarlier in France as part of the ongoing optimisation of Ramsay Santé's portfolio of facilities
- EBITDA in France increased 9.7% on the pcp to $947.4m positively impacted by realised synergies from the Capio acquisition being well above initial estimates of €20m and also supported by Government compensation for increased costs associated with operating in a COVID environment
- France's result includes a $27.5m impairment of hospitals identified as part of the ongoing strategic review of the portfolio compared to a $0.8m impairment charge in FY20
- Patient revenue in the Nordic region increased 0.8% over the pcp reflecting the divestment of the German business (impact ~€80m revenue in the pcp). Patient revenue in the Nordics, excluding the effect of the German business, reported an organic revenue growth of above 9%. The organic growth was driven by the less volatile capitation reimbursement model in Sweden, the primary care nature of a lot of the businesses, new care contracts, the ophthalmology business in Norway and higher volumes in Denmark and a less severe impact on activity from COVID across most of the region. Total growth in the Nordics was also positively impacted by a number of small bolt-on acquisitions made during the year.
- During the 2QFY21 the Nordic region disposed of nine clinical facilities in Germany acquired as part of the Capio acquisition in FY19. This sale reflects the reversal of a provision, taken against the underperforming German facilities at the time of the Capio acquisition of $26m. Against this amount reported in 1HFY21 provisions totalling $24m have been made for indemnities and warranties taking the net gain on sale to $2m. The German facilities reported a small operating loss in FY20

2.3.3.3 Capital Expenditure

- Total capital expenditure for the twelve month period was A$356.2m and included the expansion of a number of existing sites, real estate acquisitions to expand consultation practices and in the Nordic region investment included the expansion of St Göran hospital in Sweden
- Capital expenditure in FY22 is expected to be in the range $400-460m, with approximately 15% of the total budget invested in the Nordics region. Projects during the year include ongoing work on the extension of St Göran and the expansion of two hospitals in the Paris area

2.3.3.4 Outlook

- The French Government is expected to extend the revenue guarantee decree, issued in April 2021, to 31 December 2021 providing support and some certainty to Ramsay Santé's French business
- COVID cases in France declined rapidly after strict lock-downs and the Government has introduced strong incentives for people to get vaccinated lifting penetration rates significantly, easing pressure on the hospital system
- COVID case numbers have increased again during July and early August but predominantly in the non-vaccinated population. The higher case numbers have resulted in a higher number of patients being hospitalised

[1] Refer ASX announcement 19 April 2021 for further details on the new decree

- Ramsay Santé will continue to assist the French Government with COVID cases in conjunction with addressing the backlog in demand for surgical and non-surgical services. The ability to attract and retain nursing staff in France will be critical to Ramsay's ability to benefit from this backlog
- In the Nordic region, COVID cases declined rapidly during June and July with activity levels returning to pre COVID levels in the main. COVID case numbers have also increased in the Nordics from the latter part of July and August from a low level. There are long wait lists for elective care in the Nordics region and Ramsay remains focused on capturing additional volumes
- In the absence of government compensation for COVID related costs, margins in FY22 are expected to be impacted by increased personnel costs and higher PPE costs associated with the environment
- Net interest costs in FY22 are expected to be approximately €10m below FY21 following the refinancing of Ramsay Santé's long term debt at materially improved margins
- In FY22 Ramsay Santé will be focused on:
  - Building out integrated patient pathways including primary care centres, imaging and further investment in digi physical care delivery;
  - Continuing to improve efficiencies including the integration of support services in France into one premise
  - Optimising its hospital footprint and investing and modernising the network
  - Exploring bolt-on acquisition opportunities

3.

FINANCIAL RESULTS

Contents

Consolidated Income Statement

FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 $m	2020 $m
Revenue from contracts with customers	2.a	12,864.2	12,160.3
Interest income		7.1	12.7
Other income – income from government grants	2.b	428.3	235.2
Other income – income from the sale of development assets		20.4	2.1
Other income – net profit on disposal of non-current assets		12.3	11.2
Total revenue and other income		**13,332.3**	**12,421.5**
Employee benefit and contractor costs	3	(7,258.7)	(7,020.4)
Occupancy costs		(558.9)	(551.4)
Service costs		(447.8)	(315.0)
Medical consumables and supplies		(3,008.7)	(2,723.1)
Depreciation, amortisation and impairment	3	(920.9)	(930.7)
Cost of development assets sold		(8.5)	(6.8)
Total expenses, excluding finance costs		**(12,203.5)**	**(11,547.4)**
Share of profit of joint venture	16.b	10.9	16.1
Profit before tax and finance costs		**1,139.7**	**890.2**
Finance costs	3	(398.1)	(424.0)
Profit before income tax		**741.6**	**466.2**
Income tax	15	(230.1)	(157.0)
Net profit for the year		**511.5**	**309.2**
Attributable to non-controlling interests		62.5	25.2
Attributable to owners of the parent		**449.0**	**284.0**
		511.5	**309.2**
Earnings per share (cents per share)			
Basic earnings per share (after CARES dividend)	5	193.2	131.0
Diluted earnings per share (after CARES dividend)	5	192.6	130.5

The above Consolidated Income Statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2021

	2021 $m	2020 $m
Net profit for the year	**511.5**	**309.2**
Items that will not be reclassified to net profit		
Actuarial (loss) on defined employee benefit obligation	(37.4)	(10.2)
Items that may be subsequently reclassified to net profit		
Cash flow hedges		
Profit/(loss) taken to equity	17.1	(5.0)
Transferred to Income Statement	1.6	12.3
Net change in cost of hedging	3.1	1.4
Net (loss) on bank loan designated as a hedge of a net investment	(1.5)	(26.3)
Foreign currency translation	(69.0)	20.9
Income tax relating to components of other comprehensive income/(expense)	6.1	(0.8)
Other comprehensive income for the year, net of tax	**(80.0)**	**(7.7)**
Total comprehensive income for the year	**431.5**	**301.5**
Attributable to non-controlling interests	44.6	27.3
Attributable to owners of the parent	**386.9**	**274.2**
	431.5	**301.5**

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

AS AT 30 JUNE 2021

	Note	2021 $m	2020 $m
ASSETS			
Current assets			
Cash and cash equivalents	8.a	1,004.8	1,503.7
Trade and other receivables	9.a	1,801.4	1,916.9
Inventories	9.b	409.4	411.0
Income tax receivable	15	12.3	14.6
Prepayments		133.0	175.4
Other current assets	16.a	1,990.5	39.2
Total current assets		**5,351.4**	**4,060.8**
Non-current assets			
Other financial assets		82.9	82.6
Investments in joint venture	16.b	217.5	245.8
Property, plant and equipment	11	4,488.6	4,447.2
Right of use assets	12	4,411.5	4,477.9
Intangible assets	13	4,233.6	4,246.1
Deferred tax assets	15	457.6	450.1
Prepayments		10.9	11.1
Receivables	9.a	70.6	78.1
Total non-current assets		**13,973.2**	**14,038.9**
TOTAL ASSETS		**19,324.6**	**18,099.7**
LIABILITIES			
Current liabilities			
Trade and other creditors	9.c	3,013.7	3,203.5
Loans and borrowings	8.b	51.7	32.3
Lease liabilities	8.c	368.2	347.8
Derivative financial instruments	8.d	14.9	6.2
Provisions	16.c	185.0	133.7
Income tax payable	15	83.7	49.4
Total current liabilities		**3,717.2**	**3,772.9**
Non-current liabilities			
Loans and borrowings	8.b	5,229.0	4,195.5
Lease liabilities	8.c	4,902.8	4,941.4
Provisions	16.c	386.3	390.0
Defined employee benefit obligation	16.e	249.1	222.9
Derivative financial instruments	8.d	23.2	45.1
Other creditors		30.7	24.3
Deferred tax liabilities	15	235.5	271.7
Total non-current liabilities		**11,056.6**	**10,090.9**
TOTAL LIABILITIES		**14,773.8**	**13,863.8**
NET ASSETS		**4,550.8**	**4,235.9**
EQUITY			
Issued capital	7.a	2,197.6	2,197.6
Treasury shares	7.b	(76.7)	(78.2)
Convertible Adjustable Rate Equity Securities (CARES)	7.c	252.2	252.2
Other reserves		(91.3)	(51.0)
Retained earnings		1,750.9	1,431.9
Parent interests		**4,032.7**	**3,752.5**
Non-controlling interests		**518.1**	**483.4**
TOTAL EQUITY		**4,550.8**	**4,235.9**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2021

	Issued Capital (Note 7a)	Treasury Shares (Note 7b)	CARES (Note 7c)	Other Reserves	Retained Earnings	Non-controlling Interests	Total
	$m	$m	$m	$m	$m	$m	$m
At 1 July 2020	**2,197.6**	**(78.2)**	**252.2**	**(51.0)**	**1,431.9**	**483.4**	**4,235.9**
Total Comprehensive Income	-	-	-	(47.4)	434.3	44.6	431.5
Dividends paid	-	-	-	-	(115.3)	(9.8)	(125.1)
Treasury shares vesting to employees	-	1.5	-	(1.5)	-	-	-
Share based payment expense for employees	-	-	-	8.6	-	-	8.6
Acquisition of subsidiary/non-controlling interest	-	-	-	-	-	(0.1)	(0.1)
At 30 June 2021	**2,197.6**	**(76.7)**	**252.2**	**(91.3)**	**1,750.9**	**518.1**	**4,550.8**
At 1 July 2019	**713.5**	**(82.1)**	**252.2**	**(33.2)**	**1,693.3**	**479.4**	**3,023.1**
AASB 16 Leases adjustment	-	-	-	-	(218.9)	-	(218.9)
At 1 July 2019 – Restated	**713.5**	**(82.1)**	**252.2**	**(33.2)**	**1,474.4**	**479.4**	**2,804.2**
Total Comprehensive Income	-	-	-	(5.8)	280.0	27.3	301.5
Dividends paid	-	-	-	-	(322.5)	(12.6)	(335.1)
Shares purchased for executive performance share plan	-	(9.8)	-	-	-	-	(9.8)
Treasury shares vesting to employees	-	13.7	-	(13.7)	-	-	-
Issue of share capital (net of transaction costs)	1,484.1	-	-	-	-	-	1,484.1
Share based payment expense for employees	-	-	-	1.3	-	-	1.3
Acquisition of subsidiary/non-controlling interest	-	-	-	0.4	-	(10.7)	(10.3)
At 30 June 2020	**2,197.6**	**(78.2)**	**252.2**	**(51.0)**	**1,431.9**	**483.4**	**4,235.9**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 $m	2020 $m
Cash flows from operating activities			
Receipts from customers		12,866.0	12,433.8
Receipts of government grants		305.9	235.2
Payments to suppliers and employees		(11,095.0)	(10,366.1)
Income tax paid		(228.2)	(203.4)
Lease finance costs	3	(234.2)	(238.6)
Other finance costs		(133.3)	(180.2)
Net cash flows from operating activities	8.a	**1,481.2**	**1,680.7**
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets		(628.9)	(680.6)
Proceeds from sale of businesses and non-current assets		132.1	34.6
Interest and dividends received		34.9	47.3
Business combinations, net of cash received	10	(90.1)	(25.4)
Business combinations consideration held in escrow	16.a	(1,951.5)	-
Acquisition of investments and purchase of non-controlling interests		(0.7)	(31.9)
Net cash flows used in investing activities		**(2,504.2)**	**(656.0)**
Cash flows from financing activities			
Dividends paid to ordinary shareholders of the parent		(115.3)	(322.5)
Dividends paid to non-controlling interests		(9.8)	(12.6)
Repayment of lease principal		(334.0)	(323.8)
Payments for ordinary shares bought back		-	(9.8)
Proceeds from borrowings		6,243.3	1,182.2
Repayment of borrowings		(5,173.4)	(2,222.3)
Costs of refinancing		(26.8)	-
Proceeds from share issue (net of transaction costs)		-	1,476.9
Net cash flows from/(used in) financing activities		**584.0**	**(231.9)**
Net (decrease)/increase in cash and cash equivalents		(439.0)	792.8
Net foreign exchange differences on cash held		(59.9)	(34.6)
Cash and cash equivalents at beginning of year		1,503.7	745.5
Cash and cash equivalents at end of year	8.a	**1,004.8**	**1,503.7**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

Overview

This section sets out the basis on which the Ramsay Group's financial report is prepared as a whole. Where a significant accounting policy is specific to a note, the policy is described within that note.

Ramsay Health Care Limited is a for profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

a Basis of preparation

This general purpose financial report:

- has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standard Board (AASB) and the Corporations Act 2001;
- has been prepared on the basis of historical cost, except for derivative financial instruments, listed investments, assets held for sale and the assets and liabilities recognised through business combinations which have been measured at fair value;
- complies with International Financial Reporting Standards as issued by the International Accounting Standards Board;
- is presented in Australian Dollars;
- where necessary, and as a result of a change in the classification of certain revenues and expenses during the current year, comparative amounts in the consolidated income statement, and associated notes have been reclassified for consistency with presentation in the current period;
- presents all values as rounded to the nearest hundred thousand dollars, unless otherwise stated under the option available under ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191;
- does not early adopt any Australian Accounting Standards and Interpretations issued or amended but are not yet effective.

b New and amended accounting standards and interpretations, effective 1 July 2020

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 July 2020. The nature and effect of these changes are disclosed below.

AASB 2018-6 Amendments to AASs – Definition of a Business

The amendment clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.

AASB 2020-4 Amendments to AASs – Covid-19-Related Rent Concessions

The amendments provide relief to lessees from applying AASB 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID 19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID 19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID 19 related rent concession the same way it would account for the change under AASB 16, if the change were not a lease modification. This amendment had no material impact on the consolidated financial statements of the Group.

c Accounting standards and interpretations issued but not yet effective

New and amended standards and interpretations issued by the AASB that will apply for the first time in the next annual financial statements are not expected to impact the Group as they are either not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies.

d Basis of consolidation

The consolidated financial statements comprise the financial statements of Ramsay Health Care Limited and its subsidiaries ('**the Group**') as at and for the period ended 30 June each year. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Financial Statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interests and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

e Significant accounting judgements, estimates and assumptions

In applying the Group's accounting policies, management has made a number of judgements, estimates and assumptions concerning the future. The key judgements, estimates and assumptions that are material to the financial statements relate to the following areas:

Note 2.b	Other income – income from government grants	Page 28
Note 8.c	Lease liabilities	Page 39
Note 10	Business combinations	Page 47
Note 11	Property, plant and equipment	Page 49
Note 13	Intangible assets	Page 52
Note 14	Impairment testing of goodwill	Page 55
Note 15	Taxes	Page 56
Note 16.c	Provisions	Page 61
Note 16.e	Defined employee benefit obligation	Page 63
Note 18	Share based payment plans	Page 69

f Current versus non-current classification

The Group presents assets and liabilities in the Consolidated Statement of Financial Position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Expected to be realised within twelve months after the reporting period
- Held primarily for trading, or
- Cash and cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is due to be settled within twelve months after the reporting period
- Held primarily for trading, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

g Foreign currency translation

Both the functional and presentation currency of Ramsay Health Care Limited and its Australian subsidiaries is Australian dollars (A$). Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of the overseas subsidiaries are: British pounds for Ramsay Health Care (UK) Limited and Euro for Ramsay Santé SA. As at the reporting date the assets and liabilities of the overseas subsidiaries are translated into the presentation currency of Ramsay Health Care Limited at the rate of exchange ruling at the reporting date and the Income Statements are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to a separate component of equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the Income Statement.

I Results for the Year

This section provides additional information on the Group results for the year, including further detail on results by segment, revenue, expenses, earnings per share and dividends.

1 Segment information

The Managing Director and his management team examine the Group's performance and allocate resources from a geographic perspective and have identified four different business units. The segment information discloses the financial performance and total assets and liabilities of each operating business.

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Managing Director (the chief operating decision maker) in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based primarily on the country in which the service is provided, as this is the Group's major risk and has the most effect on the rate of return, due to differing currencies and differing health care systems in the respective countries. The Group has four reportable operating segments being Asia Pacific, UK, France and Nordics.

Discrete financial information about each of these operating businesses is reported to the Managing Director and his management team on at least a monthly basis.

Types of services

The reportable operating segments derive their revenue primarily from providing health care services to both public and private patients in the community.

Accounting policies and inter-segment transactions

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, segment expense and segment results include transfers between the segments. These transfers are eliminated on consolidation.

The accounting policies used by the Group in reporting segments are the same as those contained throughout the accounts and in prior periods.

1 Segment information (Continued)

	Asia Pacific $m	UK $m	France $m	Nordics $m	Total $m
Year Ended 30 June 2021					
Revenue from contracts with customers	5,440.8	1,024.1	4,574.9	1,824.4	12,864.2
Other income – income from government grants	-	-	336.4	91.9	428.3
Other income – income from the sale of development assets	20.4	-	-	-	20.4
Other income – net profit on the disposal of non-current assets	-	-	10.3	2.0	12.3
Total revenue and other income before intersegment revenue	5,461.2	1,024.1	4,921.6	1,918.3	13,325.2
Intersegment revenue	2.9	-	-	-	2.9
Total segment revenue and other income	**5,464.1**	**1,024.1**	**4,921.6**	**1,918.3**	**13,328.1**
Earnings before interest, tax, depreciation, amortisation and rent (EBITDAR)[1]	**871.6**	**182.4**	**947.4**	**206.9**	**2,208.3**
Rent[2]	(16.5)	(1.2)	(117.5)	(19.6)	(154.8)
Earnings before interest, tax, depreciation and amortisation (EBITDA)[3]	**855.1**	**181.2**	**829.9**	**187.3**	**2,053.5**
Depreciation and amortisation	(219.1)	(88.4)	(472.7)	(140.7)	(920.9)
Earnings before interest and tax (EBIT)[4]	**636.0**	**92.8**	**357.2**	**46.6**	**1,132.6**
Net finance costs					(391.0)
Income tax expense					(230.1)
Net profit after tax					**511.5**
Attributable to non-controlling interest					(62.5)
Net profit attributable to owners of the parent					**449.0**

1 "EBITDAR" is a non-statutory profit measure and represents profit before interest, tax, depreciation, amortisation and rent.
2 Rent includes rental costs of short term or low value assets together with any related rent costs, including rent related taxes that could not be capitalised as part of lease liabilities.
3 "EBITDA" is a non-statutory profit measure and represents profit before interest, tax, depreciation and amortisation.
4 "EBIT" is a non-statutory profit measure and represents profit before interest and tax.

	Asia Pacific $m	UK $m	France $m	Nordics $m	Total $m
Year Ended 30 June 2020					
Revenue from contracts with customers	5,068.0	929.5	4,352.7	1,810.1	12,160.3
Other income – income from government grants	-	-	235.2	-	235.2
Other income – income from the sale of development assets	2.1	-	-	-	2.1
Other income – net profit on the disposal of non-current assets	11.2	-	-	-	11.2
Total revenue and other income before intersegment revenue	5,081.3	929.5	4,587.9	1,810.1	12,408.8
Intersegment revenue	8.7	-	-	-	8.7
Total segment revenue and other income	**5,090.0**	**929.5**	**4,587.9**	**1,810.1**	**12,417.5**
Earnings before interest, tax, depreciation, amortisation and rent (EBITDAR)[1]	**776.2**	**165.9**	**863.4**	**168.5**	**1,974.0**
Rent[2]	(16.9)	(1.3)	(122.7)	(24.9)	(165.8)
Earnings before interest, tax, depreciation and amortisation (EBITDA)[3]	**759.3**	**164.6**	**740.7**	**143.6**	**1,808.2**
Depreciation and amortisation	(224.3)	(114.0)	(455.6)	(136.8)	(930.7)
Earnings before interest and tax (EBIT)[4]	**535.0**	**50.6**	**285.1**	**6.8**	**877.5**
Net finance costs					(411.3)
Income tax expense					(157.0)
Net profit after tax					**309.2**
Attributable to non-controlling interest					(25.2)
Net profit attributable to owners of the parent					**284.0**

1 "EBITDAR" is a non-statutory profit measure and represents profit before interest, tax, depreciation, amortisation and rent.
2 Rent includes rental costs of short term or low value assets together with any related rent costs, including rent related taxes that could not be capitalised as part of lease liabilities.
3 "EBITDA" is a non-statutory profit measure and represents profit before interest, tax, depreciation and amortisation.
4 "EBIT" is a non-statutory profit measure and represents profit before interest and tax.

As Ramsay is no longer reporting a core/non-core earnings split, the segment results for the year ended 30 June 2020 have been restated to reflect a consistent presentation with the segment results presented for the year ended 30 June 2021.

1 Segment information (Continued)

	Asia Pacific $m	UK $m	France $m	Nordics $m	Adjustments & Eliminations $m[1]	Total $m
At 30 June 2021						
Assets & liabilities						
Segment assets	8,303.0	3,399.7	10,019.0	2,111.1	(4,508.2)	19,324.6
Segment liabilities	(3,662.2)	(2,967.9)	(7,966.7)	(998.8)	821.8	(14,773.8)
At 30 June 2020						
Assets & liabilities						
Segment assets	6,500.8	2,716.0	10,643.9	1,866.9	(3,627.9)	18,099.7
Segment liabilities	(2,139.5)	(2,272.8)	(8,614.7)	(836.8)	-	(13,863.8)

1 Adjustments and eliminations consist of investments in subsidiaries, intercompany and receivables/payables, which are eliminated on consolidation.

Segment revenue reconciliation to Income Statement

	2021 $m	2020 $m
Segment revenue reconciliation to Income Statement		
Total segment revenue and other income	13,328.1	12,417.5
Inter segment sales elimination	(2.9)	(8.7)
Interest income	7.1	12.7
Total revenue and other income	**13,332.3**	**12,421.5**

2 Revenue and other income

The Group primarily derives revenue from providing health care and related services to both public and private patients in the community.

2.a Revenue from contracts with customers

	2021 $m	2020 $m
Revenue from patients	11,915.8	11,485.7
Revenue from governments under COVID 19 support contracts	428.7	189.6
Rental revenue	87.2	79.8
Revenue from ancillary services	432.5	405.2
Revenue from contracts with customers	**12,864.2**	**12,160.3**

2 Revenue and other income (Continued)

Accounting Policies

Revenue is recognised and measured at the amount of the consideration received or receivable to the extent that the performance obligations under contracts have been satisfied and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

REVENUE FROM PATIENTS

Revenue from patients is recognised on the date on which the services were provided to the patient.

REVENUE FROM GOVERNMENTS UNDER COVID 19 SUPPORT CONTRACTS

During 2020 and 2021, specific contracts were entered into with various government bodies under which Ramsay made available its facilities and services, including equipment and staff, to assist with the respective government's response to the COVID 19 pandemic. Each of the revenue agreements are specific to each government body as follows:

Australia

Agreements with the state governments of NSW, WA, QLD and VIC (each a State) commenced from either 31 March or 1 April 2020. In return for the commitment to maintain full workforce capacity at the facilities, Ramsay has received, and recognised as revenue, the net recoverable costs (being recoverable costs less any revenue generated from operations, calculated on an accruals basis (revenue amounts)) for these services. Recoverable costs include direct operating costs, service costs, corporate overhead costs (to the extent related to the provision of service), depreciation associated with pre-existing capital, which is owned, and depreciation associated with amortisation of leases. Interest and debt servicing costs are excluded. The agreements expire on various dates, depending on each State's requirements. These end dates are (in most cases) 20 or 30 days after the State gives notice but not before; in the case of VIC, the temporary restrictions imposed on private hospitals performing category 3 and non-urgent category 2 surgeries have been lifted; in the case of QLD, the State determines that activation of the Australian Health Sector Emergency Response Plan for Novel Coronavirus 2019 has ceased; and, in the case of NSW, the date notified by the Commonwealth government as being the last date covered by the private hospital financial viability payment under the National Partnership Agreement.

Recoverable costs and revenue amounts are aggregated quarterly with each quarter considered separately. Where the revenue amounts exceed recoverable costs the payment for that quarter is deemed to be zero.

VIC and QLD include a "Pause and Restart" mechanism whereby the State can put the agreement on pause allowing the Operator to return to normal operations and relieves the State of any payment obligations during the pause while allowing the State to restart the contract to provide COVID 19 pandemic support when necessary. The QLD State government agreed to Ramsay's request to put the agreement on hold from 1 July 2020. While the VIC agreement was paused from 30 June 2020, it was restarted with effect from 23 July 2020 to 31 March 2021. The NSW agreement does not have a Pause and Restart mechanism and remains on foot.

The agreement with the State government of WA was terminated with effect from 30 June 2020. However, it included a right for the WA Department of Health to direct Ramsay for a 12-month period from 30 June 2020 to sign a new agreement on the same terms as the original agreement, which could be exercised if the Department or Commonwealth government formed the view that this was necessary to respond successfully to the COVID 19 pandemic.

UK

An agreement with NHS England, commenced on 23 March 2020, to make the Ramsay UK facilities and services available to the NHS England and its patients. Ramsay received, and recognised as revenue, the net cost of the capacity and services provided, including operating costs, overheads, use of assets, rent and interest less a deduction for revenue earned through the provision of private, urgent elective care to patients. The term of the agreement was initially for a minimum of 14 weeks from 23 March 2020 and was then on a rolling basis, with one month's notice. This agreement terminated on 31 December 2020. A new, volume based, agreement came into effect on 1 January 2021 and expired on 31 March 2021.

Future events could cause the assumptions on which these revenue accruals are based to change, which could affect the future results of the Group. As the revenue recognised by the Group in accordance with the contracts is variable, revenue has been recognised only to the extent that it is highly probable that a significant revenue reversal of the cumulative amount of revenue will not occur when the uncertainty associated with the variable consideration is resolved.

RENTAL REVENUE

Rental income is accounted for on a straight-line basis over the lease term. Contingent rental income is recognised as income in the periods in which it is earned. Lease incentives granted are recognised in the Income Statement as an integral part of the total rental income.

REVENUE FROM ANCILLARY SERVICES

Income from ancillary services is recognised on the date the services are provided to the customer.

INCOME FROM SALE OF DEVELOPMENT ASSETS

Income from sale of development assets is recognised when the control of the development asset is transferred to the customer.

INTEREST INCOME

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate (EIR), which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

2 Revenue and other income (Continued)

2.b Other income – income from government grants

	2021 $m	2020 $m
Other income – income from government grants	428.3	235.2

Significant Accounting Policies

INCOME FROM GOVERNMENT GRANTS

Government grants are recognised when there is reasonable assurance that the grant will be received and all the attached conditions will be complied with. Grants are accounted for on a gross basis in revenue and expenses, by the Group. Where retention of a government grant is dependent on the Group satisfying certain criteria, it is initially recognised as deferred income. When the criteria for retention have been satisfied, the deferred income balance is recognised as other income.

Key Accounting Judgements, Estimates and Assumptions

Ramsay Santé was a beneficiary of the French government decree, issued on 7 May 2020, which provided a guarantee of revenue from 1 March 2020 to 31 December 2020, equal to 10/12$^{\text{th}}$ of the 2019 calendar year revenue from the government, with some small indexation factor. As the actual billings over this March to December period fell below the guaranteed revenue, then Ramsay Santé was entitled to the shortfall. In line with the requirements, under this guarantee, these estimates, payments and final square ups are being completed on a site by site basis. This funding was extended to 30 June 2021.

As the final square up of the revenue guarantee will not be performed until late FY22 and the grant income recognised for Ramsay Santé is based on the current estimate at hand at the time of issuing the Ramsay Group financial statements, these estimates may be updated and result in a different amount. Any resulting difference will be booked in the Ramsay Group results for the year ending 30 June 2022.

As at the date of this report there is no formal confirmation that the guarantee will be extended for the six months to 31 December 2021.

2.c Revenue from contracts with customers and income from government grants

	Note	2021 $m	2020 $m
Revenue from contracts with customers	2.a	12,864.2	12,160.3
Other income – income from government grants	2.b	428.3	235.2
Revenue from contracts with customers and income from government grants		**13,292.5**	**12,395.5**

3 Expenses

A breakdown of specific expenses helps users understand the financial performance of the Group.

	Note	2021 $m	2020 $m
(i) Depreciation			
Depreciation – Plant and equipment		292.3	292.4
Depreciation – Buildings		145.5	148.2
Depreciation – Right of use asset – Property		344.8	339.6
Depreciation – Right of use asset – Plant and equipment		66.7	61.7
Total		**849.3**	**841.9**
(ii) Amortisation			
Amortisation – Service concession assets	13	34.7	33.2
Amortisation – Other		15.4	18.1
Total		**50.1**	**51.3**
(iii) Impairment			
Impairment – Plant and equipment		3.2	4.8
Impairment – Land and buildings		18.3	11.2
Impairment – Right of use asset – Property		-	20.8
Impairment – Intangible assets		-	0.7
Total		**21.5**	**37.5**
Total depreciation, amortisation and impairment		**920.9**	**930.7**
(iv) Property rental costs			
Expense relating to short term leases (included in occupancy costs)	8.c	20.2	21.2
Expense relating to leases of low value assets (included in occupancy costs)	8.c	7.3	3.5
Variable lease payments (included in occupancy costs)	8.c	0.9	0.5
(v) Employee benefit and contractor costs			
Wages and salaries		5,906.4	5,800.9
Workers' compensation		18.5	10.4
Superannuation		198.9	187.1
Termination benefits		17.5	28.4
Social charges and contributions on wages and salaries		827.6	776.4
Other employment		278.1	223.8
Share based payments (expenses arising from transactions accounted for as equity-settled share-based payment transactions)		11.7	(6.6)
Total		**7,258.7**	**7,020.4**
(vi) Finance costs			
Interest expense		166.1	189.0
Finance charges – Lease liability		234.2	238.6
		400.3	427.6
Finance cost – unwinding of discount and effect of changes in discount rates on deferred consideration		-	0.4
Finance costs capitalised		(2.2)	(4.0)
Total		**398.1**	**424.0**

3 Expenses (Continued)

Accounting Policies

FINANCE COSTS – RECOGNITION AND MEASUREMENT

Finance costs include interest, amortisation of discounts or premiums related to borrowings and other costs incurred in connection with the arrangement of borrowings. Financing costs are expensed as incurred unless they relate to a qualifying asset. A qualifying asset is an asset which generally takes more than 12 months to get ready for its intended use or sale. In these circumstances, the financing costs are capitalised to the cost of the asset. Where funds are borrowed by the Group for the acquisition or construction of a qualifying asset, the amount of financing costs capitalised are those incurred in relation to that borrowing.

4 Dividends

Dividends are a portion of Ramsay Group's profit that are paid out to its shareholders, in return for their investment.

	Parent	
	2021 $m	2020 $m
(i) Dividends on ordinary shares paid during the year:		
Interim dividend paid		
Franked dividends – ordinary (48.5 cents per share) (2020: 62.5 cents per share)	106.2	126.3
Previous year final dividend paid		
Franked dividends – ordinary (0.0 cents per share) (2020: 91.5 cents per share)[1]	-	184.9
	106.2	311.2
(ii) Dividends proposed and not recognised as a liability:		
Current year final dividend proposed		
Franked dividends – ordinary (103.0 cents per share) (2020: 0.0 cents per share)[1]	235.7	-
(iii) Dividends declared and paid during the year on CARES:		
Current year interim and previous year final dividend paid		
Franked dividends – CARES	9.1	11.3
(iv) Dividends proposed and not recognised as a liability on CARES:		
Final dividend proposed		
Franked dividends – CARES	4.5	4.6
(v) Franking credit balance		
The amount of franking credits available for the subsequent financial year are:		
franking account balance as at the end of the financial year at 30% (2020: 30%)	839.7	704.2
franking credits that will arise from the payment of income tax payable as at the end of the financial year[2]	14.6	9.5
	854.3	713.7
The amount of franking credits available for future reporting periods:		
impact on the franking account of dividends proposed or declared before the financial report was authorised for issue but not recognised as a distribution to equity holders during the period	(103.0)	(2.0)
	751.3	711.7

1 No final dividend declared for FY2020.
2 As Ramsay Health Care Ltd and its 100% owned subsidiaries have formed a tax consolidated group, effective 1 July 2003, this represents the current tax payable for the Australian group.

4 Dividends (Continued)

The tax rate at which paid dividends have been franked is 30% (2020: 30%). $240.2 million (2020: $4.6 million) of the proposed dividends will be franked at the rate of 30% (2020: 30%).

5 Earnings per share

Earnings per share is the portion of post-tax profit allocated to each Ramsay ordinary share.

	2021 $m	2020 $m
Net profit for the year attributable to owners of the parent	449.0	284.0
Less: dividend paid on Convertible Adjustable Rate Equity Securities (CARES)	(9.1)	(11.3)
Profit used in calculating basic and diluted (after CARES dividend) earnings per share	439.9	272.7

	2021 Number of Shares (m)	2020 Number of Shares (m)
Weighted average number of ordinary shares used in calculating basic earnings per share	227.7	208.1
Effect of dilution – share rights not yet vested	0.7	0.8
Weighted average number of ordinary shares adjusted for the effect of dilution	228.4	208.9

The share rights granted to Executives but not yet vested, have the potential to dilute basic earnings per share.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements

	2021 Cents per Share	2020 Cents per Share
Earnings per share		
basic (after CARES dividend) for the year	193.2	131.0
diluted (after CARES dividend) for the year	192.6	130.5

Calculation of earnings per share

Basic earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent (after deducting the CARES dividend) by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent (after deducting the CARES dividend) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

6 Net tangible assets

Net Tangible Assets ('NTA') are the total assets minus intangible assets and total liabilities, divided by the number of ordinary shares of the Company currently on issue. Net Tangible Assets includes Right of Use assets.

	2021 $ per Share	2020 $ per Share
Net tangible asset/(liabilities) per ordinary share	0.42	(0.82)

II Capital – Financing

This section discusses how the Ramsay Group manages funds and maintains capital structure, including bank borrowings, related finance costs and access to capital markets.

How the Group manages its capital – Financing

When managing capital, management's objective is to ensure the entity will be able to continue as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that is consistent with its targeted credit rating, ensuring sufficient headroom is available within such a rating to support its growth strategies whilst at the same time striving for the lowest cost of capital available to the entity. Prudent liquidity reserves in the form of committed undrawn bank debt facilities or cash are maintained in order to accommodate its expenditures and potential market disruption.

The Company may raise or retire debt, change the amount of dividends to be paid to shareholders, return capital to shareholders, issue new shares or financial instruments containing characteristics of equity, or sell assets to reduce debt in order to achieve the optimal capital structure.

The Group's capital is comprised of equity plus net debt. Net debt is calculated as interest bearing liabilities plus derivatives relating to debt, less cash assets.

During 2021, dividends of $115.3 million (2020: $322.5 million) were paid. For the year ended 30 June 2021 fully franked ordinary dividends of 151.5c (2020: 62.5c) per share were declared.

The group monitors its capital structure primarily by reference to its Group Consolidated Leverage Ratio. Debt levels are assessed relative to the cash operating profits (EBITDA[1]) of the Group that are used to service debt. This ratio is calculated as Net Debt/EBITDA and is 4.7x for the year ended 30 June 2021 (2020: 4.4x). Escrow funds of $1.96 billion were recorded in the Statement of Financial Position at 30 June 2021. A normalised Group Consolidated Leverage Ratio of 3.7x has been calculated after reducing Net Debt by the $1.96 billion cash held in escrow on 30 June 2021.

The Group has committed senior debt funding with various maturities starting in November 2022 and ending in June 2031 (please refer to Note 8.b for further information in relation to these borrowings). As such, these subsidiaries must comply with various financial and other undertakings in particular, the following customary financial undertakings:

- Total Net Leverage Ratio (Net Debt/EBITDA[1])
- Interest Cover Ratio (EBITDA[1]/ Net Interest)
- Minimum Shareholders Funds

Details of Capital – Financing are as follows:	Note	2021 $m	2020 $m
Equity	7	4,550.8	4,235.9
Net Debt	8	9,585.0	8,064.6
		14,135.8	12,300.5

[1] EBITDA is Earnings before Interest, Tax, Depreciation and Amortisation.

7 Equity

	Note	2021 $m	2020 $m
Issued capital	7.a	2,197.6	2,197.6
Treasury shares	7.b	(76.7)	(78.2)
Convertible Adjustable Rate Equity Securities (CARES)	7.c	252.2	252.2
Other reserves		(91.3)	(51.0)
Retained earnings		1,750.9	1,431.9
Non-controlling interests		518.1	483.4
		4,550.8	4,235.9

7.a Issued Capital

Issued capital represents the amount of consideration received for the ordinary shares issued by Ramsay Health Care Limited (the Company).

Issued and paid up capital

	2021 Number (m)	2021 $m	2020 Number (m)	2020 $m
At 1 July	228.9	2,197.6	202.1	713.5
Shares issued – Share Placement (net of transaction costs)	-	-	21.4	1,183.3
Shares issued – Share Purchase Plan	-	-	5.4	300.8
At 30 June	**228.9**	**2,197.6**	**228.9**	**2,197.6**

Terms and conditions of issued capital

ORDINARY SHARES

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

Accounting Policies

ORDINARY SHARES

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

7.b Treasury Shares

Treasury shares are the shares repurchased on the open market, for the share rights issued to employees under the Employee Share Plan.

	2021 $m	2020 $m
1.1 million ordinary shares (30 June 2020: 1.2 million)	76.7	78.2

Nature & Purpose

Treasury shares are shares in the Group held by the Employee Share Plan and are deducted from equity.

7 Equity (Continued)

7.c Convertible Adjustable Rate Equity Securities (CARES)

Convertible Adjustable Rate Equity Securities (CARES) are non-cumulative, redeemable and convertible preference shares in Ramsay Health Care Limited.

Issued and paid up capital

	2021 $m	2020 $m
2.6 million CARES shares fully paid (30 June 2020: 2.6 million CARES shares fully paid)	252.2	252.2

Terms and conditions of CARES

Issuer	Ramsay Health Care Limited
Security	Convertible Adjustable Rate Equity Securities (CARES) which are a non-cumulative, redeemable and convertible preference share in Ramsay.
Face Value	$100 Per CARES.
Dividends	The holder of each CARES is entitled to a preferred, non-cumulative, floating rate dividend equal to: Dividend Entitlement = (Dividend Rate x Face Value x N) / 365 *where*: N is the number of days in the Dividend Period The payment of Dividends is at the Directors' discretion and is subject to there being funds legally available for the payment of Dividends and the restrictions which apply in certain circumstances under the financing arrangements. If declared, the first Dividend will be payable on each CARES in arrears on 20 October 2005 and thereafter on each 20 April and 20 October until CARES are converted or exchanged.
Dividend Rate	The Dividend Rate for each Dividend Period is calculated as: Dividend Rate = (Market Rate + Margin) x (1-T) *where*: The Market Rate is the 180 day Bank Bill Swap Rate applying on the first day of the Dividend Period expressed as a percentage per annum. The Margin for the period to 20 October 2010 was 2.85% per annum. It was determined by the Bookbuild held on 26 April 2005. T is the prevailing Australian corporate tax rate applicable on the Allotment Date. As Ramsay did not convert or exchange by 20 October 2010 the Margin was increased by a one-time step up of 2.00% (200 basis points) per annum.
Step-up	One-time 2.00% (200 basis points) step-up in the Margin at 20 October 2010
Franking	Ramsay expects the Dividends paid on CARES to be fully franked. If a Dividend is not fully franked, the Dividend will be grossed up to compensate for the unfranked component. If, on a Dividend Payment Date, the Australian corporate tax rate differs from the Australian corporate tax rate on the Allotment Date, the Dividend will be adjusted downwards or upwards accordingly.
Conversion or exchange by Ramsay	CARES have no maturity. Ramsay may convert or exchange some or all CARES at its election for shares or $100 in cash for each CARES on 20 October 2010 and each Dividend Payment Date thereafter. Ramsay also has the right to: • convert or exchange CARES after the occurrence of a Regulatory Event; and • convert CARES on the occurrence of a Change in Control Event. Ramsay cannot elect to convert or exchange only some CARES if such conversion or exchange would result in there being less than $50 million in aggregate Face Value of CARES on issue.
Conversion Ratio	The rate at which CARES will convert into Shares will be calculated by reference to the market price of Shares during 20 business days immediately preceding, but not including, the conversion date, less a conversion discount of 2.5%. An adjustment is made to the market price calculation in the case of a Change in Control Event. The Conversion Ratio for each CARES will not be greater than 400 shares.
Ranking	CARES rank equally amongst themselves in all respects and are subordinated to all creditors but rank in priority to Shares.
Participation	Unless CARES are converted into Shares, CARES confer no rights to subscribe for new shares in any fundraisings by Ramsay or to participate in any bonus or rights issues by Ramsay.
Voting Rights	CARES do not carry a right to vote at general meeting of Ramsay except in limited circumstances.

8 Net debt

	Note	2021 $m	2020 $m
Cash assets	8.a	1,004.8	1,503.7
Loans and borrowings – current	8.b	(51.7)	(32.3)
Lease liabilities – current	8.c	(368.2)	(347.8)
Loans and borrowings – non-current	8.b	(5,229.0)	(4,195.5)
Lease liabilities – non-current	8.c	(4,902.8)	(4,941.4)
Derivative net assets / (liabilities) – debt related	8.d	(38.1)	(51.3)
		(9,585.0)	(8,064.6)

8.a Cash and cash equivalents

Cash and cash equivalents comprise of cash at bank, cash on hand and short-term deposits with a maturity of less than 3 months. This note presents the amount of cash on hand at year end, together with further reconciliations in relation to the Statement of Cash Flows.

	2021 $m	2020 $m
Cash at bank and on hand	1,004.8	1,503.7

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Accounting Policies

CASH AND CASH EQUIVALENTS

Cash and short-term deposits in the Statement of Financial Position comprise cash at bank and on hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts and restricted cash.

Reconciliation to Statement of Cash Flows

	2021 $m	2020 $m
For the purposes of the Statement of cash flows, cash and cash equivalents comprise the following at 30 June		
Cash at bank and on hand	1,004.8	1,503.7

8 Net debt (Continued)

Reconciliation of net profit after tax to net cash flows from operations

	2021 $m	2020 $m
Net profit after tax for the year	511.5	309.2
Adjustments for:		
Share of profit of joint venture	(10.9)	(16.1)
Depreciation, amortisation and impairment	920.9	930.7
Interest received	(7.1)	(12.7)
Share based payments	11.7	(6.6)
Net profit on disposal of non-current assets	(12.3)	(11.2)
Other	2.2	-
Changes in assets & liabilities		
Deferred tax	(27.8)	(39.1)
Receivables	(103.9)	(268.1)
Other assets	66.1	5.6
Creditors, accruals and other liabilities	134.9	929.6
Provisions	(22.4)	(57.2)
Inventories	(11.4)	(84.0)
Current tax	29.7	0.6
Net cash flows from operating activities	**1,481.2**	**1,680.7**

Reconciliation of liabilities arising from financing activities

	As at 1 July 2020 $m	Cash Flows $m	Foreign Exchange Movement $m	New Leases $m	Acquisition of Subsidary $m	Disposal/ Termination or Reassessment of Leases $m	Other $m	As at 30 June 2021 $m
Loans and borrowings – current	**32.3**	5.9	(0.3)	-	14.0	-	(0.2)	**51.7**
Loans and borrowings – non-current	**4,195.5**	1,064.0	(50.9)	-	15.7	-	4.7	**5,229.0**
Lease Liabilities	**5,289.2**	(334.0)	(54.0)	384.8	11.2	(26.2)	-	**5,271.0**
Total	**9,517.0**	735.9	(105.2)	384.8	40.9	(26.2)	4.5	**10,551.7**

	As at 1 July 2019 $m	AASB16 Adjustment $m	Restated Balance at 1 July 2019 $m	Cash Flows $m	Foreign Exchange movement $m	New Leases $m	Other $m	As at 30 June 2020 $m
Loans and borrowings – current	**34.0**	-	**34.0**	(1.7)	-	-	-	**32.3**
Loans and borrowings – non-current	**5,209.4**	-	**5,209.4**	(1,038.4)	16.7	-	7.8	**4,195.5**
Lease Liabilities	**351.2**	4,929.6	**5,280.8**	(323.8)	0.3	319.9	12.0	**5,289.2**
Total	**5,594.6**	4,929.6	**10,524.2**	(1,363.9)	17.0	319.9	19.8	**9,517.0**

Disclosure of financing facilities

Refer to Note 8.b.

8 Net debt (Continued)

8.b Loans and Borrowings

This note outlines the Group's loans and borrowings, which are predominantly from banks and other financial institutions, with varying maturities.

	Maturity	2021 $m	2020 $m
Current			
Secured bank loans:			
€ Bi-lateral Facilities[1]	Up to Jun 2031	51.7	32.3
Total current loans and borrowings		**51.7**	**32.3**
Non-current			
Unsecured bank and other financial institution loans:			
A$ 1,500,000,000 Syndicated Facility Loan[2]	Up to Jul 2026	1,195.4	-
A$ 800,000,000 Syndicated Facility Loan[3]	Dec 2023	716.5	-
A$ 125,000,000 Bi-lateral Term Loan[4]	Oct 2024	-	123.4
A$ 200,000,000 Bi-lateral Term Loan[5]	Oct 2024	199.6	197.4
£ 395,000,000 Syndicated Facility Loan[6]	Nov 2022	-	289.3
€ 225,000,000 Syndicated Facility Loan[7]	Nov 2022	-	288.0
€ 300,000,000 Syndicated Facility Loan[3]	Oct 2024	474.3	488.4
		2,585.8	1,386.5
Secured bank loans:			
€ 1,650,000,000 Syndicated Term Loan[8]	Up to Apr 2027	2,277.2	-
€ 1,725,000,000 Syndicated Term Loan[9]	Up to Oct 2024	-	2,561.2
€ Bi-lateral Facilities[1]	Up to Jun 2031	366.0	247.8
		2,643.2	2,809.0
Total non-current loans and borrowings		**5,229.0**	**4,195.5**
Total loans and borrowings		**5,280.7**	**4,227.8**

1 *Euro bi-lateral facilities are secured by a first charge over certain Ramsay Santé and controlled entities' land and buildings. These loans are repayable in instalments over the term of the facilities.*
2 *Sustainability linked syndicated revolving bank debt facility with equal tranches mature over 3 year, 4 year and 5 year.*
3 *Syndicated revolving bank debt facility.*
4 *Bi-lateral term loan facility repaid in full on 16 Dec 2020 and was orginally repayable in Oct 2024.*
5 *Bi-lateral term loan facility and repayable in full on maturity.*
6 *Syndicated revolving bank debt facility was terminated in Jun 2021. It had the original maturity date of 22 Nov 2022.*
7 *Syndicated revolving bank debt facility terminated in Jun 2021. It had the original maturity date of 22 Nov 2022.*
8 *Sustainability linked syndicated term loan facilities repayable in full on maturity.*
9 *Syndicated term loan facilities repayable in full on maturity. This facility has been cancelled in April 2021.*

RAMSAY AND ITS WHOLLY OWNED SUBSIDIARIES

Ramsay Funding Group's syndicated debt facility agreements and bi lateral debt facilities were partially refinanced with a sustainability linked syndicated revolving debt facility on 24 June 2021. The covenant package, group guarantees and other common terms and conditions in respect of the debt facilities are governed under a Common Terms Deed Poll (CTDP).

RAMSAY SANTÉ AND CONTROLLED ENTITIES

Ramsay Santé and controlled entities' senior debt facility agreements were fully refinanced with sustainability linked syndicated term loan facilities on 22 April 2021. The Group Increased its borrowings under bi lateral debt facilities by €98,190,000 during the reporting period. The lenders to these debt facilities only have recourse to Ramsay Santé and certain Ramsay Santé controlled entities. The debt facilities are secured by first ranking pledges over certain material companies of Ramsay Santé, granted only by Ramsay Santé and certain Ramsay Santé controlled entities. Guarantees have also been provided and are provided only by Ramsay Santé controlled entities.

8 Net debt (Continued)

Fair values

The fair values of the Group's interest bearing loans and borrowings are determined by using the discounted cash flow method with discount rates that reflect market interest rates, specific country risk factors, individual creditworthiness of the counterparties and the other risk characteristics associated with the underlying debts.

Unless disclosed below, the carrying amount of the Group's current and non-current borrowings approximate their fair value. The fair values have been calculated by discounting the expected future cash flows at prevailing market interest rates depending on the type of borrowings. At reporting date, the market interest rates vary from 0.060% to 0.0803% (2020: 0.093% to 0.102%) for Australia, 0.0555% to 0.0779% (2020: 0.090% to 0.141%) for UK and -0.569% to -0.542% (2020: -0.510% to -0.422%) for France respectively.

The fair value of the interest bearing loans and borrowings was estimated using the level 2 method valuation technique in which the lowest level of input that is significant to the fair value measurement is directly or indirectly observable. Set out in the table below is a comparison by carrying amounts and fair value of the Group's Interest bearing loans and borrowings.

	2021		2020	
	Carrying Amount $m	Fair Value $m	Carrying Amount $m	Fair Value $m
Bank loans	5,280.7	5,381.3	4,227.8	4,657.9

Interest rate, foreign exchange & liquidity risk

Details regarding interest rate, foreign exchange and liquidity risk is disclosed in Note 17.

Assets pledged as security

The carrying amounts of assets pledged as security for loans and borrowings are set out in the following table:

	2021 $m	2020 $m
Fixed and floating charge		
Fixed assets	3.1	-
Investment holdings in subsidiaries	3,917.8	3,667.2
Total non-current assets pledged as security	3,920.9	3,667.2

Defaults & breaches

During the current and prior years, there were no defaults or breaches on any of the loans.

In April 2020, lenders to the Ramsay Funding Group provided consent to amend or waive key banking covenants tests, in connection with the funding agreements (FA) and the Common Term Deed Poll (CTDP), for the next two semi-annual covenant testing points up to and including the 31 December 2020 testing date.

This waiver was given on the condition that the Company did not declare a dividend in relation to its ordinary shares (it being agreed that CARES are not ordinary shares and that this condition did not therefore apply in respect of or seek to restrict the declaration or payment of dividends in respect of CARES) during the period up to 31 December 2020.

Accounting Policies

LOANS AND BORROWINGS

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

8 Net debt (Continued)

8.c Lease liabilities

The Group has lease contracts for the use of hospitals, office space and various items of equipment and vehicles which it uses in its operations. Leases of hospitals and office space can have lease terms between 5 and 99 years, while vehicles and equipment generally have lease terms between 5 and 10 years.

Generally, the Group is restricted from assigning and subleasing the leased assets. A number of the lease contracts include extensions, termination options and variable lease payments, which are discussed below.

The Group also has certain leases of equipment with lease terms of 12 months or less and leases of office equipment with a low value. The Group applies the 'short term lease' and 'lease of low value assets' recognition exemptions for these leases.

	2021 $m	2020 $m
At 1 July	**5,289.2**	**351.2**
Adjustment on adoption of AASB16 Leases	-	4,929.6
At 1 July - Restated	**5,289.2**	**5,280.8**
Additions	384.8	319.9
Business Combination	11.2	-
Disposals or terminations	(91.0)	(9.4)
Payments	(568.2)	(562.4)
Accretion of interest	234.2	238.6
Reassessment of lease terms	64.8	21.4
Exchange differences	(54.0)	0.3
At 30 June	**5,271.0**	**5,289.2**

	2021 $m	2020 $m
Current lease liabilities	368.2	347.8
Non-current lease liabilities	4,902.8	4,941.4
Total lease liabilities	**5,271.0**	**5,289.2**

Assets pledged as security

The carrying amounts of assets pledged as security for lease liabilities are set out in the following table:

	2021 $m	2020 $m
Leased assets pledged as security	365.3	351.6

Cash outflows

The Group had total cash outflows for leases of approximately $596.6 million in 2021 (2020: $587.6 million) - the principal portion of lease payments totalled $334.0 million (2020: $323.8 million), interest payments totalled $234.2 million (2020: $238.6 million) and other payments relating to low-value assets, short term and variable lease payments totalled approximately $28.4 million (included in payments to suppliers and employees) (2020: $25.2 million).

8 Net debt (Continued)

Accounting Policies

All leases are accounted for by recognising a right of use asset and a lease liability except for:
- Leases of low value assets, being those with a cost of $50,000 or less; and
- Leases with a term of 12 months or less.

LEASE LIABILITIES

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:
- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the group if it is reasonably certain to exercise that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of the termination option being exercised.

LEASE ASSETS

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:
- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the group is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right of use assets are amortised on a straight line basis over the shorter of the useful life of the asset or the term of the lease. Lease liabilities are remeasured when there is a change in future lease payments arising from a change in an index or rate or when there is a change in the assessment of the term of the lease.

The Group applies the short term lease recognition exemption to its short term lease of equipment, being those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. The Group also applies the low-value assets recognition exemption to leases of equipment that are considered to be of low value. Lease payments on short term leases and leases of low value assets are recognised as an expense on a straight line basis over the lease term.

Key Accounting Judgements, Estimates and Assumptions

LEASE TERM

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms. The Group applies judgement in evaluating whether it is reasonably certain to exercise the options to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After commencement date, the Group reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not exercise) the option to renew.

DISCOUNT RATES

The lease payments are discounted using the interest rate implicit in the lease or the Group's incremental borrowing rate (IBR). The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right of use asset in a similar economic environment. The IBR therefore requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease.

8 Net debt (Continued)

8.d Derivative financial instruments

A derivative is a financial instrument typically used to manage an underlying risk, using futures, swaps and options. The value change of a derivative is related to changes in a variable, such as interest rate or foreign exchange rate. The Group uses derivatives to manage exposure to foreign exchange and interest rate risk.

	2021 $m	2020 $m
Current liabilities		
Interest rate derivative contracts – cash flow hedges	(14.9)	(6.2)
Non-current liabilities		
Interest rate derivative contracts – cash flow hedges	(23.2)	(45.1)

Instruments used by the Group

Derivative financial instruments are used by the Group in the normal course of business in order to hedge exposure to fluctuations in interest and foreign exchange rates.

INTEREST RATE SWAPS AND FORWARD FOREIGN EXCHANGE CONTRACTS – CASH FLOW HEDGES

Interest bearing loans in Australian Dollar of the Group currently bear an average variable base interest rate excluding margin of 0.0666% (2020: 0.1532%). Interest bearing loans in GBP of the Group currently bear an average variable base interest rate excluding margin of 0.0706% (2020: 0.1316%). Interest bearing loans in Euro of the Group currently bear a zero variable base interest rate excluding margin pursuant to an interest rate floor within the facility agreements whereby base interest rate (EURIBOR) is deemed to be zero when it is negative.

In order to reduce the variability of the future cash flows in relation to the interest bearing loans, the Group has entered into Australian Dollar, GBP and Euro interest rate swap contracts under which it has a right to receive interest at variable rates and to pay interest at fixed rates. Swaps in place cover approximately 67% (2020: 57%) of the principal outstanding.

While the Group also enters into other foreign exchange forward contracts with the intention to reduce the foreign exchange risk of expected sales and purchases, these other contracts are not designated in hedge relationships and are measured at fair value through profit or loss.

Included in bank loans at 30 June 2020 was a GBP borrowing of £120.0 million which was designated as a hedge of the net investment in the UK subsidiary. It was used to hedge the Group's exposure to changes in exchange rates on the value of its net investment in the UK operations. Gains or losses on the retranslation of this borrowing were transferred to Other Comprehensive Income to offset any gains or losses on translation of the net investment in the UK subsidiary. This was repaid in June 2021. A net loss on the bank loan designated as a hedge of the net investment in a subsidiary of $3.4 million (2020: net loss $15.8 million) was recognised in Other Comprehensive Income during the year.

Included in bank loans at 30 June 2020 was a Euro borrowing of €478.7 million which was designated as a hedge of the net investment in the French subsidiary. It was used to hedge the Group's exposure to changes in exchange rates on the value of its net investment in the French operations. Gains or losses on the retranslation of this borrowing were transferred to Other Comprehensive Income to offset any gains or losses on translation of the net investment in the French subsidiary. This was repaid in December 2020. A net gain on the bank loan designated as a hedge of the net investment in a subsidiary of $1.9 million (2020: net loss $10.5 million) was recognised in Other Comprehensive Income during the year.

Interest rate risk

Information regarding interest rate risk exposure is set out in Note 17.

Credit risk

Credit risk arises from the potential failure of counterparties to meet their obligations at maturity of contracts. This arises on derivative financial instruments with unrealised gains. Management constantly monitor the fair value of favourable contracts outstanding with any individual counterparty. Management only deal with prime financial institutions with appropriate credit ratings in order to manage this credit risk.

8 Net debt (Continued)

Fair Value of Derivative Financial Instruments

The fair value of the derivative financial instruments was estimated using the level 2 method valuation technique and is summarised in the table above.

The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in the relevant notes.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1	Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2	Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3	Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

There were no transfers between Level 1 and Level 2 or between Level 2 and Level 3 during the year.

The notional principal amounts and period of expiry of the interest rate derivatives contracts are as follows:

	2021 $m	2020 $m
0-1 years	1,043.5	3,048.7
1-2 years	-	1,254.1
2-3 years	110.0	-
3-5 years	790.5	923.9
Over 5 years	-	-
	1,944.0	5,226.7

The interest rate derivatives require settlement of net interest receivable or payable each 90 or 180 days. They are settled on a net basis. The swaps are measured at fair value and all gains and losses attributed to the hedged risk are taken directly to equity and re-classified to the Income Statement when the interest expense is recognised.

Accounting Policies

The Group uses derivative financial instruments such as interest rate swaps to hedge its risks associated with interest rates. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value. Derivatives are carried as assets when the fair value is positive and as a liability when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in Other Comprehensive Income, and later classified to profit and loss when the hedge item affects profit or loss.

For the purposes of hedge accounting, hedges are classified as:

- fair value hedges when they hedge the exposure to changes in the fair value of a recognised asset or liability;
- cash flow hedges when they hedge exposure to variability in cash flows that is attributable either to a particular risk associated with a recognised asset or liability or to a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; or
- hedges of a net investment in a foreign operation.

8 Net debt (Continued)

Accounting Policies

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument;
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship; and
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet the strict criteria for hedge accounting are accounted for as follows:

CASH FLOW HEDGES

The effective portion of the gain or loss on the hedging instrument is recognised directly in Other Comprehensive Income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the Income Statement as other operating expenses.

The Group uses predominantly interest rate swap contracts as hedges of its exposure to fluctuations in interest rates. There is an economic relationship between the hedged item and the hedging instrument as the term of the interest rate swap matches the terms of the variable rate loan (that is, notional amount, maturity, base rate, payment and reset dates).

The Group only designates the intrinsic value of the interest rate option contracts as hedging instruments. The time value of the interest rate option contracts are recognised in Other Comprehensive Income and accumulated in a separate component of equity under the cost of Hedging Reserve. These deferred costs of hedging are recognised in the profit or loss on a systematic basis over the tenor of the interest rate option contracts.

Amounts recognised as Other Comprehensive Income are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as Other Comprehensive Income are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in Other Comprehensive Income is transferred to the Income Statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in Other Comprehensive Income remains in Other Comprehensive Income until the forecast transaction or firm commitment affects profit or loss.

Bank loan designated as a hedge of a net investment

The bank loan designated as a hedge of a net investment in a foreign operation is accounted for in a similar way to cash flow hedges. Gains or losses on the hedging instrument (Bank Loan) relating to the effective portion of the hedge are recognised directly in Other Comprehensive Income, while any gains or losses relating to the ineffective portion are recognised in profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recognised directly in Other Comprehensive Income is transferred to the Income Statement.

Subsequent Measurement

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transaction;
- Reference to the current fair value of another instrument that is substantially the same; or
- A discounted cash flow analysis or other valuation models.

Fair Value of Derivative Financial Instruments

The Group measures financial instruments, such as, derivatives, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

III Assets and Liabilities – Operating and Investing

This section outlines how the Ramsay Group manages its assets and liabilities to generate profit.

How the group manages its overall financial position

The Group manages its overall financial position by segregating its balance sheet into two categories; Assets and Liabilities – Operating and Investing and Capital – Financing. Assets and Liabilities – Operating and Investing is managed at both the site and group level while Capital – Financing (refer to section II) is managed centrally.

Details of Assets and Liabilities – Operating and Investing are as follows:

	Note	2021 $m	2020 $m
Working Capital	9	(802.9)	(875.6)
Property, plant and equipment	11	4,488.6	4,447.2
Right of use assets	12	4,411.5	4,477.9
Intangible assets	13	4,233.6	4,246.1
Current and deferred tax assets/(liabilities)	15	150.7	143.6
Other assets/(liabilities)	16	1,654.3	(138.7)
		14,135.8	12,300.5

9 Working capital

	Note	2021 $m	2020 $m
Trade and other receivables (current)	9.a	1,801.4	1,916.9
Inventories	9.b	409.4	411.0
Trade and other creditors (current)	9.c	(3,013.7)	(3,203.5)
		(802.9)	(875.6)

Consistent with prior periods, Ramsay actively manages the collection of debtor receipts and creditor and employee payments. This often results in a negative working capital metric. Any surplus or deficit in the working capital is managed through efficient use of the revolving debt facilities and cash balances.

9.a Trade and other receivables

Trade and other receivables primarily consists of amounts outstanding from Governments, Health Funds and Self Insured patients for delivering health care and related services.

	2021 $m	2020 $m
Current		
Trade and other receivables	1,863.4	1,978.6
Allowances for impairment loss	(62.0)	(61.7)
	1,801.4	**1,916.9**
Non-current		
Rental property bonds and guarantees receivable	37.3	52.0
Other	33.3	26.1
	70.6	**78.1**
Total	**1,872.0**	**1,995.0**

9 Working capital (Continued)

Allowances for impairment loss

An allowance for expected credit loss (ECL) is recognised based on the difference between the contractual cash flows and the expected cash flows. The Group has applied a simplified approach in calculating ECLs by establishing a provision matrix for forward-looking factors specific to the debtors and the economic environment.

Movements in the provision for impairment loss were as follows:

	2021 $m	2020 $m
At 1 July	**(61.7)**	**(43.4)**
Charge for the year	(29.5)	(43.2)
Foreign exchange translation	0.6	(2.1)
Amounts written off	24.3	27.0
Disposal of subsidiary	4.3	-
At 30 June	**(62.0)**	**(61.7)**

Ageing analysis

At 30 June, the ageing analysis of trade and other receivables is as follows:

	Total $m	Neither past due nor impaired $m	0-30 Days PDNI[1] $m	31-60 Days PDNI[1] $m	61-90 Days PDNI[1] $m	91+ Days PDNI[1] $m	Considered impaired $m
2021	1,934.0	1,439.1	218.6	81.2	13.6	119.5	62.0
2020	2,056.7	990.0	245.3	238.5	211.9	309.3	61.7

1 *PDNI – Past due not impaired*

Receivables past due but not considered impaired are: $ 432.9 million (2020: $1,005.0 million). Payment terms on these amounts have not been re-negotiated as based on the credit history of receivables past due not considered impaired, management believes that these amounts will be fully recovered. This is due to the fact that the Group mainly deals with the Government and creditworthy Health Funds.

Related party receivables

For terms and conditions of related party receivables refer to Note 20.

Fair value

Due to the short term nature of the current receivables, the carrying value approximates fair value. The carrying values of the discounted non-current receivables approximates their fair values.

Credit risk

The maximum exposure to credit risk for current receivables is their carrying value. Collateral is not held as security. The Group's credit risk is low in relation to trade debtors because the majority of transactions are with the Government and Health Funds. The maximum exposure to credit risk for non-current receivables at the reporting date is the carrying value of these receivables. The majority of the non-current receivables are assessed as low risk.

Foreign exchange & interest rate risk

Details regarding foreign exchange and interest rate risk exposure are disclosed in Note 17.

9 Working capital (Continued)

9.b Inventories

Inventories include medical supplies to be consumed in providing future patient services, and development assets, including medical suites to be sold, that are currently under construction.

	2021 $m	2020 $m
Amount of medical supplies to be consumed in providing future patient services – at cost	363.8	365.2
Development assets to be sold that are currently under construction – at cost	45.6	45.8
Total	**409.4**	**411.0**

Inventory expense

Medical supplies recognised as an expense for the year ended 30 June 2021 totalled $3,008.7 million (2020: $2,723.1 million) for the Group. This expense has been included in the medical consumables and supplies in the Income Statement. The cost of development assets sold which has been recognised as an expense for the year ended 30 June 2021 totalled $8.5 million (2020: $6.8 million) for the Group. This expense has been included in Cost of development assets sold in the Income Statement.

Accounting Policies

Inventories are recorded using the FIFO method and are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

9.c Trade and other creditors

Trade and other creditors consists of amounts owing to employees and suppliers for goods and/or services delivered and customer amounts paid in advance of provision of services.

	2021 $m	2020 $m
Trade payables	1,164.6	1,148.6
Sundry creditors and accrued expenses	474.1	505.5
Employee and Director entitlements	1,061.6	993.6
Other creditors[1]	313.4	555.8
Total	**3,013.7**	**3,203.5**

1 *Included in this balance is funding received in advance from various Governments under COVID 19 arrangements*

Fair values

Trade and other creditors amounts are non-interest bearing and are normally settled on 30-60 day terms. Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

Interest rate, foreign exchange & liquidity risk

Details regarding interest rate, foreign exchange and liquidity risk exposure are set out in Note 17.

10 Business combinations

Ramsay's growth has been driven by an ongoing pipeline of acquisitions of healthcare businesses.

Business Combinations – 2021

Ramsay has recognised amounts for business combinations in the financial statements for the year ended 30 June 2021 which have been determined on a provisional basis only. These businesses are within the healthcare sector.

	$m
Assets	58.7
Liabilities	(53.0)
Fair value of identifiable net assets	5.7
Goodwill arising	108.2
Business combination date fair value of consideration transferred	113.9
The cash outflow as a result of the business combination is as follows:	
Cash Paid	(113.9)
Net cash acquired with the subsidiary	23.8
Net consolidated cash outflow	(90.1)

Business Combinations – 2020

Ramsay has recognised amounts for business combinations in the financial statements for the year ended 30 June 2020 which are as follows:

	$m
Assets	16.2
Liabilities	(10.4)
Fair value of identifiable net assets	5.8
Goodwill arising	19.6
Business combination date fair value of consideration transferred	25.4
The cash outflow as a result of the business combination is as follows:	
Cash Paid	(25.4)
Net consolidated cash outflow	(25.4)

The purchase price accounting has now been finalised. There was not a material difference in the provisional fair values initially recognised. These businesses are within the healthcare sector.

10 Business combinations (Continued)

Accounting Policies

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value and is calculated as the sum of the business combination date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Business combination related costs are expensed as incurred.

In accounting for a business combination, the Group assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the business combination date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the business combination date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of AASB 9 *Financial Instruments*, is measured at fair value with changes in fair value recognised in profit or loss. If the contingent consideration is not within the scope of AASB 9, it is measured in accordance with the appropriate standard. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Key Accounting Judgements, Estimates and Assumptions

The Group recognises the identifiable assets and liabilities of businesses at their business combination date fair values. Where a significant amount of land and buildings are recognised in the business combination, the fair value will be determined by an external valuer using an approach relevant to the market in that country.

11 Property, plant and equipment

Property, plant and equipment represents the investment by the Group in tangible assets such as land, buildings, hospital fit-outs and medical equipment.

	Land & Buildings $m	Plant & Equipment $m	Assets Under Construction $m	Total $m
30 June 2021				
Cost	3,854.2	2,744.8	499.7	7,098.7
Accumulated depreciation and impairment	(818.6)	(1,791.5)	-	(2,610.1)
	3,035.6	**953.3**	**499.7**	**4,488.6**
Movement:				
At 1 July 2020	**3,007.0**	**952.8**	**487.4**	**4,447.2**
Additions	93.4	216.7	274.2	584.3
Transferred from assets under construction	143.4	88.9	(232.3)	-
Business combination	2.8	6.3	-	9.1
Reclassification (Note 13)	-	3.6	(24.4)	(20.8)
Depreciation	(145.5)	(292.3)	-	(437.8)
Impairment	(18.3)	(3.2)	-	(21.5)
Disposals	(17.0)	(12.6)	(3.8)	(33.4)
Exchange differences	(30.2)	(6.9)	(1.4)	(38.5)
At 30 June 2021	**3,035.6**	**953.3**	**499.7**	**4,488.6**
30 June 2020				
Cost	**3,820.0**	**2,583.8**	**487.4**	**6,891.2**
Accumulated depreciation and impairment	(813.0)	(1,631.0)	-	(2,444.0)
	3,007.0	**952.8**	**487.4**	**4,447.2**
Movement:				
At 1 July 2019	**3,169.0**	**1,112.0**	**361.8**	**4,642.8**
Transfer to right of use asset (Note 12)	(219.6)	(148.7)	-	(368.3)
Restated 1 July 2019	**2,949.4**	**963.3**	**361.8**	**4,274.5**
Additions	90.9	215.2	327.2	633.3
Transferred from assets under construction	117.0	81.4	(198.4)	-
Business combination	13.6	-	-	13.6
Depreciation	(148.2)	(292.4)	-	(440.6)
Impairment	(11.2)	(4.8)	-	(16.0)
Disposals	(6.9)	(2.5)	(0.7)	(10.1)
Exchange differences	2.4	(7.4)	(2.5)	(7.5)
At 30 June 2020	**3,007.0**	**952.8**	**487.4**	**4,447.2**
1 July 2019				
Cost	**3,992.0**	**2,685.5**	**361.8**	**7,039.3**
Accumulated depreciation and impairment	(823.0)	(1,573.5)	-	(2,396.5)
	3,169.0	**1,112.0**	**361.8**	**4,642.8**

11 Property, plant and equipment (Continued)

Accounting Policies

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred.

Depreciation is calculated, consistent with the prior year, on a straight-line basis over the estimated useful life of the assets as follows:

- Buildings and integral plant – 40 to 60 years
- Plant and equipment, other than plant integral to buildings – various periods not exceeding 10 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

IMPAIRMENT

The carrying values of property, plant and equipment are reviewed for impairment at each reporting date, with the recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired. The recoverable amount of property, plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

Impairment losses are recognised in the Consolidated Income Statement in the expense category Depreciation, amortisation and impairment.

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

DERECOGNITION & DISPOSAL

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Income Statement in the year the asset is derecognised.

Key Accounting Judgements, Estimates and Assumptions

Useful lives of assets are estimated based on historical experience. The useful life of assets are assessed annually and adjusted where deemed necessary.

12 Right of use assets

A right of use asset represents the Group's, as a lessee, right to use an asset over the life of a lease. This is a new asset concept introduced by the accounting standard *AASB16 Leases*, which the Group first adopted on 1 July 2019 – see note 8.c for the Group's lease arrangements and related lease liabilities recognised.

	Leased property $m	Leased plant & equipment $m	Total $m
30 June 2021			
Cost	5,690.5	378.5	6,069.0
Accumulated depreciation	(1,501.0)	(156.5)	(1,657.5)
	4,189.5	**222.0**	**4,411.5**
Movement:			
At 1 July 2020	**4,271.8**	**206.1**	**4,477.9**
Additions	320.9	88.1	409.0
Business combination	10.9	0.3	11.2
Depreciation	(344.8)	(66.7)	(411.5)
Reassessment of lease terms	62.6	1.7	64.3
Disposals or terminations	(65.4)	(3.0)	(68.4)
Exchange differences	(66.5)	(4.5)	(71.0)
At 30 June 2021	**4,189.5**	**222.0**	**4,411.5**
30 June 2020			
Cost	5,445.2	338.3	5,783.5
Accumulated depreciation	(1,173.4)	(132.2)	(1,305.6)
	4,271.8	**206.1**	**4,477.9**
Movement:			
At 1 July 2019	-	-	-
Adjustment on adoption of AASB16 Leases	4,130.6	49.4	4,180.0
Transfer from property, plant and equipment (Note 11)	219.6	148.7	368.3
Restated 1 July 2019	**4,350.2**	**198.1**	**4,548.3**
Additions	251.4	68.5	319.9
Depreciation	(339.6)	(61.7)	(401.3)
Impairment	(20.8)	-	(20.8)
Reassessment of lease terms	21.4	-	21.4
Disposals or terminations	(5.0)	(0.5)	(5.5)
Exchange differences	14.2	1.7	15.9
At 30 June 2020	**4,271.8**	**206.1**	**4,477.9**
1 July 2019			
Cost	-	-	-
Accumulated depreciation	-	-	-
	-	-	-

Leased assets, where pledged, are used as security for the related lease liabilities. Refer note 8.c.

13 Intangible assets

The Group's investment in intangible assets includes goodwill, service concession assets, brand names and software.

	Goodwill $m	Service Concession Assets $m	Other $m[1]	Total $m
30 June 2021				
Cost	3,766.3	220.9	513.6	4,500.8
Accumulated depreciation	-	(121.2)	(146.0)	(267.2)
	3,766.3	**99.7**	**367.6**	**4,233.6**
Movement:				
At 1 July 2020	**3,783.4**	**115.5**	**347.2**	**4,246.1**
Additions	-	0.6	46.7	47.3
Business combination	108.2	7.6	0.1	115.9
Reclassification (Note 11)	-	15.1	5.7	20.8
Disposals	(61.0)	-	(7.1)	(68.1)
Amortisation	-	(34.7)	(15.4)	(50.1)
Impairment	-	-	-	-
Exchange differences	(64.3)	(4.4)	(9.6)	(78.3)
At 30 June 2021	**3,766.3**	**99.7**	**367.6**	**4,233.6**
30 June 2020				
Cost	**3,783.4**	**216.0**	**460.1**	**4,459.5**
Accumulated depreciation	-	(100.5)	(112.9)	(213.4)
	3,783.4	**115.5**	**347.2**	**4,246.1**
Movement:				
At 1 July 2019	**3,767.0**	**154.0**	**342.3**	**4,263.3**
Adjustment on adoption of AASB16 Leases	-	(6.8)	-	(6.8)
Restated 1 July 2019	**3,767.0**	**147.2**	**342.3**	**4,256.5**
Additions	-	3.1	27.6	30.7
Business combination	19.6	-	-	19.6
Disposals	(1.2)	-	(5.5)	(6.7)
Amortisation	-	(33.2)	(18.1)	(51.3)
Impairment	-	-	(0.7)	(0.7)
Exchange differences	(2.0)	(1.6)	1.6	(2.0)
At 30 June 2020	**3,783.4**	**115.5**	**347.2**	**4,246.1**
1 July 2019				
Cost	**3,767.0**	**219.2**	**436.5**	**4,422.7**
Accumulated depreciation	-	(65.2)	(94.2)	(159.4)
	3,767.0	**154.0**	**342.3**	**4,263.3**

1 *Mainly brands and internally generated software costs*

13 Intangible assets (Continued)

Accounting Policies

GOODWILL

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. The key factor contributing to the goodwill relates to the synergies existing within the acquired businesses and also expected to be achieved as a result of combining these facilities with the rest of the Group.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is determined to have an indefinite life.

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Each unit or group of units to which the goodwill is so allocated such that:
- It represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- Is not larger than an operating segment determined in accordance with AASB 8 *Operating Segments.*

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates. When the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. When goodwill forms part of a cash-generating unit (group of cash-generating units) and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained. Impairment losses recognised for goodwill are not subsequently reversed.

SERVICE CONCESSION ASSETS

Service concession assets represent the Group's right to operate hospitals under Service Concession Arrangements. Service concession assets constructed by the Group are recorded at the fair value of consideration received or receivable for the construction services delivered. Service concession assets acquired by the Group are recorded at the fair value of the assets at the date of acquisition. All service concession assets are classified as intangible assets.

To the extent that the Group has an unconditional right to receive cash or other financial assets under the Service Concession Arrangements a financial asset has been recognised. The financial asset is measured at fair value on initial recognition and thereafter at amortised cost using the effective interest rate method. The financial asset will be reflected on initial recognition and thereafter as a 'loan or receivable'.

OTHER INTANGIBLE ASSETS

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised software development costs, are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Amortisation is calculated, consistent with the prior year, on a straight-line basis over the estimated useful life of the assets as follows:
- Service Concession Asset – over the term of the arrangement
- Software - 2 to 10 years

The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in the Consolidated Income Statement.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level consistent with the methodology outlined for goodwill impairment testing. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

13 Intangible assets (Continued)

Accounting Policies

	Service Concession Assets	Brands	Software costs
Useful lives	Finite	Indefinite	Finite
Amortisation method used	Amortised over the period of the lease	Not applicable	Amortised over the period of expected future benefit from the related project on a straight line basis
Internally generated or acquired	Acquired	Acquired	Internally generated
Impairment testing	When an indication of impairment exists. The amortisation method is reviewed at each financial year end.	Annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.	When an indication of impairment exists. The amortisation method is reviewed at each financial year end.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Income Statement when the asset is derecognised.

Key Accounting Judgements, Estimates and Assumptions

Useful lives of assets are estimated based on historical experience and the expected period of future consumption of embodied economic benefits. Useful lives are reviewed annually and adjustments made where deemed necessary.

14 Impairment testing of goodwill

Goodwill arises when the Group acquires a business. It is the portion of the purchase price that is higher than the sum of the fair value of net assets acquired, which represents the synergies expected to arise from the acquisition. Goodwill is impaired when its historical cost exceeds its current recoverable amount.

Description of the cash generating units and other relevant information

Goodwill acquired through business combinations has been allocated in part to individual cash generating units and part to segments as synergies are achieved from the larger Group. Management assess goodwill by aggregating cash generating units to the level of the segment for purposes of impairment testing because the goodwill relates to synergies existing within the acquired business and synergies achieved from combining acquired facilities with the rest of the Group. Goodwill is tested for impairment on an annual basis, as a minimum.

Goodwill has been allocated to the Asia Pacific business, the UK business, the French business and the Nordics as follows:

	Asia Pacific $m	UK $m	France $m	Nordics $m	Total $m
2021	1,181.7	279.6	1,250.2	1,054.8	**3,766.3**
2020	1,181.7	272.7	1,280.9	1,048.1	**3,783.4**

Key Accounting Judgements, Estimates and Assumptions

The recoverable amount of the Asia Pacific business, the UK business, the French business and the Nordics business has been determined based on a value in use calculation using cash flow projections as at 30 June 2021 based on financial estimates approved by senior management and the Board of Directors covering the following financial year. In determining the 2022 (year 1) cash flow projections and subsequent year growth factors, management has factored in the performance of the Group in the current year, including the period impacted by the COVID 19 pandemic. As COVID 19 is only expected to have a short term impact on the business, Management currently forecasts that the Group volume and cost profiles will return to pre-COVID 19 levels in 2023 for all CGUs. A growth factor is then applied to the following 4 years through to the end of the value in use models. Key assumptions used in the value in use calculations are outlined in the table below. Significant assumptions used in the impairment testing are inherently subjective and in times of economic uncertainty caused by the COVID 19 pandemic, the degree of subjectivity is higher than it might otherwise be.

	Asia Pacific %	UK %	France %	Nordics %
Terminal growth rate (Year 5+)				
2021	3.0	1.9	1.0	2.0
2020	3.3	1.9	1.0	2.0
Pre-tax discount rate				
2021	9.7	8.4	7.9	7.6
2020	10.3	8.2	7.7	7.2

Key inputs in value in use calculations are:

- Tax rates have been estimated at 30% for Australian operations, and 19% - 34.4% for overseas operations consistent with the current local tax legislation.
- Discount rates – discount rates reflect management's estimate of the time value and the risks specific to each of the cash generating units that are not already reflected in the cash flows. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals. In determining appropriate discount rates for each unit, regard has been given to the weighted average cost of capital of the entity as a whole and adjusted for country and business risk specific to the unit.
- Growth rate estimates – they are based on management's internal estimates of long term growth rates for each of the cash generating units.

Management has performed sensitivity testing by CGU and on the aggregated CGUs based on assessing the effect of changes in hospital occupancy rates, health fund rates, wage increases, revenue growth rates and discount rates. COVID 19 is only expected to have a short term impact on the business and therefore the impact on the value in use for each CGU is minimal.

For Asia Pacific, the United Kingdom, France and the Nordics, management do not consider that any reasonably likely changes in hospital occupancy rates, health fund rates, wage increases, revenue growth rates and discount rates would result in the carrying value of goodwill exceeding the recoverable amount.

15 Taxes

This note provides an analysis of the income tax expense and deferred tax balances, including a reconciliation of the tax expense recognised, reconciled to the Group's net profit before tax at the Group's applicable tax rate. A deferred tax asset or liability is created when there are temporary differences between the accounting profit and taxable profit, representing a future income tax recoverable or payable.

(i) Income tax expense

	2021 $m	2020 $m
The major components of income tax expense are:		
Income Statement		
Continuing operations:		
Current income tax		
Current income tax charge	266.9	193.1
Deferred income tax		
Relating to origination and reversal of temporary differences	(31.2)	(36.7)
Adjustments in respect of deferred income tax of previous years	(5.6)	0.6
Income tax expense reported in the Consolidated Income Statement	**230.1**	**157.0**

(ii) Numerical reconciliation between aggregate tax expense recognised in the Consolidated Income Statement and tax expense calculated per the statutory income tax rate

	2021 $m	2020 $m
A reconciliation between tax expense and the product of the accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:		
Accounting profit before tax	741.6	466.2
At the Parent Entity's statutory income tax rate of 30% (2020: 30%)	222.5	139.8
Expenditure not allowable for income tax purposes	26.8	13.7
Amounts not assessable for income tax purposes	(11.1)	(39.1)
Impact of changes in foreign tax rates on deferred tax balances	(27.7)	(2.6)
Other French income tax expense	18.1	44.4
Foreign tax rate adjustment due to differences in rates between Australia and Other Countries	12.1	6.4
Other	(10.6)	(5.6)
Income tax expense reported in the Consolidated Income Statement	**230.1**	**157.0**

15 Taxes (Continued)

(iii) Recognised tax assets and liabilities

	2021 $m Current income tax	2021 $m Deferred income tax	2020 $m Current income tax	2020 $m Deferred income tax
Opening balance	**(34.8)**	**178.4**	**(40.9)**	**56.6**
Adjustment on adoption of AASB 16 Leases	-	-	-	59.6
Restated opening balance	**(34.8)**	**178.4**	**(40.9)**	**116.2**
(Charged)/ credited to income	(266.9)	36.8	(193.1)	36.1
Credited to equity	-	4.8	-	11.5
Payments	228.2	-	198.1	-
Exchange differences	1.6	0.9	1.1	12.3
Acquisitions and disposals of subsidiary	0.5	1.2	-	2.3
Closing balance	**(71.4)**	**222.1**	**(34.8)**	**178.4**

	Statement of Financial Position	
	2021 $m	2020 $m
Amounts recognised in the Statement of Financial Position for Deferred Income Tax at 30 June:		
Deferred tax liabilities		
Inventory	(20.5)	(17.1)
Recognition of revenue	(17.4)	(56.4)
Depreciable assets	(124.6)	(123.6)
Other provisions and lease liabilities	(133.4)	(128.1)
Gross deferred tax liabilities	(295.9)	(325.2)
Set-off of deferred tax assets	60.4	53.5
Net deferred tax liabilities	**(235.5)**	**(271.7)**
Deferred tax assets		
Employee provisions	201.5	168.3
Other provisions and lease liabilities	243.1	268.5
Unearned income	6.6	6.9
Losses	55.4	48.3
Derivatives	11.4	11.6
Gross deferred tax assets	518.0	503.6
Set-off of deferred tax liabilities	(60.4)	(53.5)
Net deferred tax assets	**457.6**	**450.1**

(iv) Tax consolidation

Ramsay Health Care Limited and its 100% owned Australian resident subsidiaries formed a tax consolidated group effective 1 July 2003. Ramsay Health Care Limited is the head entity of the tax consolidated group. Members of the group have entered into a tax funding and sharing arrangement in order to allocate income tax expense to the wholly owned subsidiaries using a group allocation method on a modified standalone basis. In addition, the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement on the basis that the possibility of default is remote.

TAX EFFECT ACCOUNTING BY MEMBERS OF THE TAX CONSOLIDATED GROUP

Members of the tax consolidated group have entered into a tax funding agreement. The tax funding agreement provides for the allocation of current and deferred taxes using a group allocation method, on a modified standalone basis in accordance with the principles of AASB 112 *Income Taxes*. Allocations under the tax funding agreement are made every six months.

The allocation of taxes under the tax funding agreement is recognised as an increase/decrease in the subsidiaries' inter-company accounts with the tax consolidated group head company. There is no difference between the current and deferred tax amounts allocated under the tax funding agreement and the amount subsequently charged to the subsidiary. Therefore, there is no contribution/distribution of the subsidiaries' equity accounts.

As a result of tax consolidation, intercompany assets of Ramsay Health Care Limited have increased by $9.7 million (2020: increased by $10.5 million). This is included in the summarised information relating to Ramsay Health Care Limited. Refer to Note 24.

(v) Tax losses

At 30 June 2021, there were nil (2020: $0.7 million) capital losses carried forward and therefore no resulting deferred tax asset has been recognised.

15 Taxes (Continued)

Accounting Policies

INCOME TAX

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the Income Statement.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

OTHER TAXES

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Key Accounting Judgements, Estimates and Assumptions

In determining the Group's deferred tax assets and liabilities, management is required to make an estimate about the availability of future taxable profits and cash-flows. Changes in circumstances will alter expectations, which may impact the amount of tax losses and temporary differences recognised.

16 Other assets (net)

	Note	2021 $m	2020 $m
Prepayments – current and non-current		143.9	186.5
Other assets – current	16.a	1,990.5	39.2
Other financial assets – non-current		82.9	82.6
Investments in joint venture	16.b	217.5	245.8
Receivables – non-current	9.a	70.6	78.1
Provisions – current and non-current	16.c	(571.3)	(523.7)
Defined employee benefit obligation	16.e	(249.1)	(222.9)
Other creditors – non-current		(30.7)	(24.3)
		1,654.3	(138.7)

16.a Other current assets

Other current assets relate to non-trade amounts owned by the Group which are due or receivable within 12 months.

	2021 $m	2020 $m
Business combination amounts held in escrow	1,958.1	-
Other current assets	32.4	39.2
Total	**1,990.5**	**39.2**

The business combination amounts held in escrow are governed by the escrow agreement between Ramsay and third parties for the potential Spire acquisition. This amount is not treated as cash and cash equivalents due to the terms and conditions associated with the escrow arrangement. Under this arrangement the cash held in escrow is not readily available to Ramsay. These are term deposits denominated in AUD, GBP and EUR which earn interest. The amounts held in escrow were subsequently refunded in July 2021. Refer to Note 19 for further details.

16 Other assets (net) (Continued)

16.b Investments in joint venture

The Group has a 50% interest in Ramsay Sime Darby Health Care Sdn Bhd (RSDH), a joint venture involved in operating hospitals and day surgery facilities across Malaysia, Indonesia and Hong Kong and a 50% interest in Ascension Ramsay Global Sourcing Limited. The Group's interest in both entities is accounted for using the equity method in the consolidated financial statements.

	2021 $m	2020 $m
At 1 July	245.8	270.3
AASB 16 Leases adjustment	-	(0.2)
Share of profit of joint venture	10.9	16.1
Dividend paid	(24.9)	(35.0)
Foreign currency translation and other equity movements	(14.3)	(5.4)
At 30 June	**217.5**	**245.8**

Accounting Policies

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investment in a joint venture is accounted for using the equity method. Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The Income Statement reflects the Group's share of the results of operations of the joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the Income Statement and represents profit or loss after tax and non-controlling interests in the subsidiaries of the joint venture.

The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in the joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, then recognises the loss as 'Share of profit of joint venture' in the Income Statement.

Upon loss of joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

16 Other assets (net) (Continued)

16.c Provisions

A provision is a liability with uncertain timing and amount, but the expected settlement amount can be reliably estimated by the Group. The main provisions held are in relation to insurance, restructuring, legal obligations, unfavourable contracts and employee benefits.

	2021 $m	2020 $m
Current		
Restructuring provision	14.4	16.0
Unfavourable contracts	3.8	10.8
Insurance provision	19.3	13.7
Legal and compliance provision	89.5	38.7
Other provisions	58.0	54.5
	185.0	**133.7**
Non-current		
Employee and Director entitlements	42.3	41.3
Unfavourable contracts	45.7	67.8
Insurance provision	71.3	74.2
Restructuring provision	63.2	51.6
Legal and compliance provision	156.4	148.8
Other provisions	7.4	6.3
	386.3	**390.0**
Total	**571.3**	**523.7**

Movements in provisions

	Restructuring $m	Insurance $m	Unfavourable contracts $m	Legal and compliance $m	Other provisions $m	Total $m
At 1 July 2020	**67.6**	**87.9**	**78.6**	**187.5**	**60.8**	**482.4**
Business combination	-	-	-	5.1	3.0	8.1
Arising during the year	52.2	9.2	-	81.8	16.2	159.4
Utilised during the year	(32.1)	(5.1)	(6.8)	(11.2)	(6.9)	(62.1)
Unused amounts reversed	(8.0)	(1.6)	(20.8)	(12.8)	(6.3)	(49.5)
Exchange differences	(2.1)	0.2	(1.5)	(4.5)	(1.4)	(9.3)
At 30 June 2021	**77.6**	**90.6**	**49.5**	**245.9**	**65.4**	**529.0**
Current 2021	14.4	19.3	3.8	89.5	58.0	185.0
Non-current 2021	63.2	71.3	45.7	156.4	7.4	344.0
	77.6	**90.6**	**49.5**	**245.9**	**65.4**	**529.0**
Current 2020	16.0	13.7	10.8	38.7	54.5	133.7
Non-current 2020	51.6	74.2	67.8	148.8	6.3	348.7
	67.6	87.9	78.6	187.5	60.8	482.4

16 Other assets (net) (Continued)

Nature and timing of provisions

RESTRUCTURING PROVISION

The restructuring provision primarily relates to:

- the restructuring of the Group subsequent to acquisitions. Provisions are made in the year the restructuring plans are drawn up and announced to employees; and
- restructuring of entities with the Group.

INSURANCE PROVISION

Insurance policies are entered into to cover the various insurable risks. These policies have varying levels of deductibles. The medical malpractice provision is made to cover deductibles arising under the Medical Malpractice Insurance policy, including potential uninsured and 'Incurred but not Reported' claims.

EMPLOYEE LEAVE BENEFITS

Wages, salaries, and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

UNFAVOURABLE CONTRACTS

This provision consists of VAT and other taxes payable on impaired right of use assets for certain leases.

LEGAL AND COMPLIANCE PROVISION

The legal and compliance provision primarily relates to amounts provided for litigation that is currently in the court process or a matter under review by a relevant authority.

Accounting Policies

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Income Statement net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Key Accounting Judgements, Estimates and Assumptions

The insurance provision is actuarially assessed at each reporting period using a probability of sufficiency between 80% - 95% based on differing exposures to risk. The greatest uncertainty in estimating the provision is the costs that will ultimately be incurred which is estimated using historical claims, market information and other actuarial assessments. Included in the insurance provision is an amount for claiming handling expenses at between 5%-10% of the estimated Ramsay claim cost.

16.d Superannuation commitments

The Group contributes to industry and individual superannuation funds established for the provision of benefits to employees of entities within the economic entity on retirement, death or disability. Benefits provided under these plans are based on contributions for each employee and for retirement are equivalent to accumulated contributions and earnings. All death and disability benefits are insured with various life insurance companies. The entity contributes to the funds at various agreed contribution levels, which are not less than the statutory minimum.

16 Other assets (net) (Continued)

16.e Defined employee benefit obligation

A defined benefit plan is an employer-based program that pays retirement benefits based on a predetermined formula such as the employee's length of employment, age and salary history. The Group has a defined employee benefit obligation in France as required to be paid under local legislation. There is also a defined benefit obligation in the Nordics.

In contrast to a defined contribution plan, the employer, not the employee, is responsible for all of the planning and investment risk of a defined benefit plan. The Group has a defined contribution obligation in other jurisdictions. Refer Note 16.d.

The following tables summarise the funded status and amounts recognised in the consolidated Statement of Financial Position for the plans:

	2021 $m	2020 $m	2019 $m	2018 $m	2017 $m
Net (liability) included in the Statement of Financial Position					
Present value of defined benefit obligation	(473.5)	(418.4)	(389.9)	(85.7)	(80.2)
Fair value of plans assets	224.4	195.5	174.6	5.3	5.0
Net (liability) – non-current	**(249.1)**	**(222.9)**	**(215.3)**	**(80.4)**	**(75.2)**

	2021 $m	2020 $m
Net expense for the defined employee benefit obligation (Note 3) (recognised in superannuation expenses)	21.1	24.5

Changes in the present value of the defined benefit obligation are as follows:

	2021 $m	2020 $m
Opening defined benefit obligation	(418.4)	(389.9)
Acquisitions	(1.3)	-
Current service cost	(18.5)	(18.9)
Interest cost	(5.1)	(9.0)
Benefits paid	14.1	10.5
Actuarial losses on obligation	(51.1)	(11.6)
Exchange differences on foreign plans	6.8	0.5
Closing defined benefit obligation	(473.5)	(418.4)

	2021 $m	2020 $m
Changes in the fair value of plan assets are as follows:		
Opening fair value of plans assets	195.5	174.6
Expected return	2.5	3.4
Contributions by employer	17.5	19.6
Benefits paid	(3.7)	(3.2)
Actuarial gains	11.4	1.4
Exchange differences on foreign plans	1.2	(0.3)
Closing fair value of plans assets	224.4	195.5
Actuarial return on plan assets	2.5	3.4

16 Other assets (net) (Continued)

Plan assets are invested as follows:

	2021 %	2020 %
Equities	27.8	21.6
Bonds	46.1	49.9
Property	8.3	9.4
Other	17.8	19.1

The Group expects to contribute nil to its defined benefit obligations in 2022.

	2021 $m	2020 $m
Actuarial losses recognised in the Statement of Comprehensive Income	39.7	10.2
Cumulative actuarial losses recognised in the Statement of Comprehensive Income	142.3	102.6

The principal actuarial assumptions used in determining obligations for the liabilities are shown below (expressed as weighted averages):

	2021 %	2020 %
Discount rate	0.9 to 2.0	1.1 to 1.6
Future salary increases	1.0 to 2.9	1.0 to 2.9
Future pension increases	1.0 to 2.0	1.0 to 2.9

Accounting Policies

The Group has defined employee benefit obligations in the Nordics and in France, arising from local legislative requirements.

The cost of providing benefits under these obligations are determined using the projected unit credit method using actuarial valuations. Actuarial gains and losses for the defined obligation are recognised in full in the period in which they occur in Other Comprehensive Income. Such actuarial gains and losses are also immediately recognised in retained earnings and are not reclassified to profit or loss in subsequent periods.

Unvested past service costs are recognised as an expense on a straight line basis over the average period until the benefits become vested. Past service costs are recognised immediately if the benefits have already vested, immediately following the introduction of, or changes to, the obligation.

The defined benefit liability comprises the present value of the defined benefit obligation (using a discount rate based on government bonds) less unrecognised past service costs.

Key Accounting Judgements, Estimates and Assumptions

The actuarial valuation involves making assumptions about discount rates, future salary increases and mortality rates. All assumptions are reviewed at each reporting date. In determining the appropriate discount rates, the interest rates of corporate bonds in France and the Nordics is considered. The mortality rate is based on publicly available mortality rates for France and the Nordics. Future salary increases are based on expected future inflation rates in France and the Nordics.

IV Risk management

This section discusses the Group's exposure to various risks and shows how these could affect the Group's financial position and performance.

17 Financial risk management

This note provides a summary of the Group's exposure to key financial risks, including interest rate, foreign currency, credit and liquidity risks, along with the Group's policies and strategies to mitigate these risks. There have been no material changes to our risk management policies since 30 June 2020.

Primary responsibility for identification and control of financial risks rests with the Audit Committee under the authority of the Board. The Board reviews and agrees policies for managing each of the risks identified below, including the setting of limits for trading in derivatives, hedging cover of foreign currency and interest rate risk, credit allowances, and future cash flow forecast projections.

The Group's principal financial instruments comprise receivables, payables, bank loans and overdrafts, cash and short-term deposits, derivatives, and other financial assets.

The Group manages its exposure to key financial risks, including market risk (interest rate and foreign currency risk), credit risk and liquidity risk in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

The Group enters into derivative transactions, principally interest rate swap contracts and foreign exchange forward contracts. The purpose is to manage the interest rate and currency risks arising from the Group's operations and its sources of finance. The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest rate and foreign exchange. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk and liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Group has entered into a Syndicated Facility Agreement with its Banks. The Syndicated Facility Agreement is with prime financial institutions. By entering into a Syndicated Facility Agreement with a number of financial institutions compared to financing through a Bilateral Facility Agreement, the Group has reduced its counterparty risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Group's exposure to market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. The level of debt is disclosed in Note 8.b.

At reporting date, the Group had the following mix of financial assets and liabilities exposed to variable interest rate risk that are not designated in cash flow hedges:

	2021 $m	2020 $m
Financial Assets		
Cash and cash equivalents	1,004.8	1,503.7
Business combination amounts held in escrow	1,958.1	-
	2,962.9	1,503.7
Financial Liabilities		
Bank Loans	(3,070.2)	(1,815.0)
Net exposure	(107.3)	(311.3)

Interest rate derivatives contracts are outlined in Note 8.d, with a net negative fair value of $38.1 million (2020: negative $51.3 million) which are exposed to fair value movements if interest rates change.

17 Financial risk management (Continued)

Interest rate sensitivity

The following sensitivity analysis has been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period.

At the end of the reporting period, as specified in the following table, if the interest rates had been higher or lower than the year end rates and all other variables were held constant, the consolidated entity's post tax profit and Other Comprehensive Income would have been affected as follows:

Judgements of reasonably possible movements:	Post Tax Profit Higher/(Lower)		Other Comprehensive Income Higher/(Lower)	
	2021 $m	2020 $m	2021 $m	2020 $m
AUD				
+60 basis points (2020: +45 basis points)	(3.5)	-[1]	1.4	1.4
-60 basis points (2020: -45 basis points)	3.5	-[1]	(1.1)	(1.0)
GBP				
+50 basis points (2020: +55 basis points)	2.2	(0.1)	-[2]	1.0
-50 basis points (2020: -55 basis points)	(2.2)	0.3	-[2]	(0.9)
EUR				
+30 basis points (2020: +40 basis points)	14.3	(4.8)	-[2]	11.8
-30 basis points (2020: -40 basis points)	(12.5)	4.8	-[2]	(12.0)

1 There would be no significant impact on net profit as unhedged interest rate exposures are not significant.
2 There were no outstanding interest rate derivative contracts which have been designated as effective hedges at the year end.

The assumed movement in basis points for the interest rate sensitivity analysis is based on the interest rate volatility observed during the relevant financial year. The change in sensitivity applied for 2021, versus 2020, is due to the change in interest rate volatilities applicable to 2021.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign operations.

The Group manages its foreign exchange rate exposure within approved policy parameters by utilising foreign currency swaps and forwards.

When a derivative is entered into for the purpose of being a hedging instrument, the Group negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions, the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in foreign currency.

The Group hedges its exposure to fluctuations on the translation into Australian dollars of its foreign operations by holding net borrowings in foreign currencies and by using foreign currency swaps and forward contracts.

17 Financial risk management (Continued)

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in GBP, Euro and MYR exchange rates, with all other variables held constant. The impact on the Group's post tax profit is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives. The impact on the Group's equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedges and net investment hedges. The Group's exposure to foreign currency changes for all other currencies is not material.

	Post Tax Profit Higher/(Lower)		Other Comprehensive Income Higher/(Lower)	
	2021 $m	2020 $m	2021 $m	2020 $m
British Pound (GBP)				
+15% (2020: +20%)	(0.1)	(0.2)	(55.2)	(32.8)
-15% (2020: -20%)	0.1	0.3	74.6	48.9
Euro (EUR)				
+15% (2020: +20%)	-[1]	(0.1)	(110.6)	(8.8)
-15% (2020: -20%)	-[1]	0.1	149.5	12.8
Malaysian Ringgit (MYR)				
+15% (2020: +20%)	-[1]	-[1]	(28.7)	(38.6)
-15% (2020: -20%)	-[1]	-[1]	38.8	56.4

1 *There would be no significant impact on net profit as unhedged foreign currency exposures are not significant. (2020: unhedged foreign currency exposures were insignificant.)*

The movement in the post-tax profit amounts is a result of a change in the fair value of derivative financial instruments not designated in a hedge relationship and monetary assets and liabilities denominated in foreign currencies, where the functional currency of the entity is a currency other than the above currencies. Although the derivatives have not been designated in a hedge relationship, they act as an economic hedge and will offset the underlying transactions when they occur.

The movement in equity arises from changes in the borrowings (net of cash and cash equivalents) in the hedge of net investments in overseas operations (UK, France and Malaysia) and cash flow hedges. These movements will off-set the translation of the overseas operations' net assets in Australian dollar.

Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables, derivative instruments and other financial instruments. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at reporting date is addressed in each applicable note.

Trade receivables

The Group trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securitise its trade and other receivables. The majority of transactions are with the Governments and Health Funds.

The Group's credit policy requires all debtors to pay in accordance with agreed terms. The payment terms for the major debtors range from 15 days to 30 days.

Collectability of trade receivables is reviewed on an ongoing basis at an operating unit level. Individual debts that are known to be uncollectable are written off when identified. An impairment provision is recognised based on expected credit loss where the Group measures the impairment using a lifetime expected loss allowance for all trade receivables. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

The Group's credit risk is spread across a number of Health Funds and Governments. Whilst the Group does have significant credit risk exposure to a single debtor or group of related debtors, the credit quality of these debtors is considered high, as they are either Health Funds, governed by the prudential requirements of APRA, or Governments.

The credit quality of financial assets that are neither past due nor impaired is considered to be high, due to the absence of defaults, and the fact that the Group deals with creditworthy Health Funds and the Governments. Management has also put in place procedures to constantly monitor the exposures in order to manage its credit risk.

Financial instruments and cash deposits

Credit risks related to balances with banks and financial institutions are managed by Ramsay Group Treasury in accordance with Board approved policies. Such policies only allow financial derivative instruments to be entered into with high credit quality financial institutions with a minimum long-term credit rating of A- or better by Standard & Poor's. In addition, the Board has approved the use of these financial institutions, and specific internal guidelines have been established with regard to limits, dealing and settlement procedures. Limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty failure. The investment of surplus funds is made only with approved counterparties and within credit risk in relation to derivatives undertaken in accordance with the consolidated entity's hedging and risk management activities.

The Group does not hold any credit derivatives to off-set its credit risk exposure. The Group's maximum exposure for financial derivative instruments is noted in the liquidity table below.

17 Financial risk management (Continued)

Liquidity risk

Liquidity risk arises from the financial liabilities of the Group and the Group's subsequent ability to meet their obligations to repay their financial liabilities as and when they fall due.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and leases.

To monitor existing financial assets and liabilities as well as to enable an effective controlling of future risks, Ramsay has established management reporting covering its worldwide business units that reflects expectations of management's expected settlement of financial assets and liabilities.

The Group continually reviews its liquidity position including cash flow forecasts to determine the forecast liquidity position and maintain appropriate liquidity levels.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

	Less than 3 months $m	3 to 12 months $m	1 to 5 years $m	> 5 years $m	Total $m
Year ended 30 June 2021					
Trade and other liabilities	(2,998.8)	-	-	-	(2,998.8)
Loans and borrowings	(23.9)	(104.3)	(4,007.6)	(1,613.2)	(5,749.0)
Lease liabilities	(150.8)	(452.4)	(1,737.3)	(5,174.0)	(7,514.5)
Financial derivatives	(4.6)	(13.3)	(23.1)	-	(41.0)
	(3,178.1)	(570.0)	(5,768.0)	(6,787.2)	(16,303.3)
Year ended 30 June 2020					
Trade and other liabilities	(3,187.1)	-	-	-	(3,187.1)
Loans and borrowings	(30.5)	(106.1)	(4,382.6)	(126.8)	(4,646.0)
Lease liabilities	(119.7)	(359.1)	(1,703.6)	(5,207.2)	(7,389.6)
Financial derivatives	(2.7)	(4.6)	(44.8)	-	(52.1)
	(3,340.0)	(469.8)	(6,131.0)	(5,334.0)	(15,274.8)

The disclosed financial derivative instruments in the above table are the gross undiscounted cash flows. However, those amounts may be settled gross or net. The following table shows the corresponding reconciliation of those amounts to their carrying amounts.

	Less than 3 months $m	3 to 12 months $m	1 to 5 years $m	> 5 years $m	Total $m
Year ended 30 June 2021					
Inflows	-	0.1	1.6	-	1.7
Outflows	(4.6)	(13.4)	(24.7)	-	(42.7)
Net	(4.6)	(13.3)	(23.1)	-	(41.0)
Discounted at the applicable interbank rates	(1.6)	(13.3)	(23.2)	-	(38.1)
Year ended 30 June 2020					
Inflows	0.3	2.0	1.4	-	3.7
Outflows	(3.0)	(6.6)	(46.2)	-	(55.8)
Net	(2.7)	(4.6)	(44.8)	-	(52.1)
Discounted at the applicable interbank rates	(1.6)	(4.6)	(45.1)	-	(51.3)

Collateral

The Group pledged part of its longer term deposits in order to fulfil the collateral requirements for the secured funding agreement (fiducie-sûreté). At 30 June 2020, the fair values of the term deposits pledged was $12.1 million. No term deposits were held as collateral at 30 June 2021 due to changes in the terms and conditions of the secured funding agreement during 2021. The counterparties had an obligation to return the securities to the Group. There were no significant terms and conditions associated with the use of collateral.

V Other information

This section includes other information that must be disclosed to comply with the accounting standards and other pronouncements, but that is not immediately related to individual line items in the financial statements.

18 Share based payment plans

A share based payment is a transaction in which the Group receives goods or services in exchange for rights to its own shares. Ramsay operates one performance rights scheme, where share rights may be issued to eligible employees.

An executive performance rights scheme was established in January 2004 where Ramsay Health Care Limited may, at the discretion of the Board, grant rights over the ordinary shares of Ramsay Health Care Limited to executives of the consolidated entity. The rights are issued for nil consideration and are granted in accordance with the plan's guidelines established by the Directors of Ramsay Health Care Limited. The rights cannot be transferred and will not be quoted on the ASX. Non-executive directors are not eligible for this plan.

Information with respect to the number of rights granted under the executive performance rights plan is as follows:

	2021		2020	
	Number of Rights	Weighted Average Fair Value	Number of Rights	Weighted Average Fair Value
Balance at beginning of year	1,277,546		1,685,969	
granted	246,907	$43.30	263,096	$52.59
vested	(7,505)	$68.22	(201,620)	$69.32
forfeited	(472,611)	$56.17	(469,899)	$53.46
Balance at end of year	1,044,337		1,277,546	
Exercisable at end of year	-		-	

The following table summarises information about rights held by participants in the executive performance rights plan as at 30 June 2021:

Number of Rights	Grant Date	Vesting Date[1]	Weighted Average Fair Value[2]
152,291	17-Nov-17	28-Aug-20	$32.61
199,444	15-Nov-18	31-Aug-21	$33.86
219,441	15-Nov-18	31-Aug-21	$51.22
104,244	15-Nov-19	31-Aug-22	$33.36
123,203	15-Nov-19	31-Aug-22	$68.62
122,849	15-Dec-20	31-Aug-23	$27.14
122,865	15-Dec-20	31-Aug-23	$59.45
1,044,337			

1 The vesting date shown is the most likely vesting date subject to full satisfaction of the respective performance conditions.
2 Fair value at grant date

18 Share based payment plans (Continued)

Accounting Policies

The Group provides benefits to employees (including Executive Directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (**'equity-settled transactions'**).

There is currently one plan in place to provide these benefits, being the Executive Performance Rights Plan (Equity-settled transactions), which provides benefits to senior executives and Directors.

The cost of these equity settled transactions with employees is measured by reference to the fair value at the date at which they were granted. The fair value is determined by an external valuer using the Monte Carlo and the Black Scholes models.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Ramsay Health Care Limited (**'market conditions'**).

EQUITY-SETTLED TRANSACTIONS

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity (Share Based Payment Reserve), over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (**'vesting date'**).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

- The extent to which the vesting period has expired and
- The number of awards that, in the opinion of the Directors of the Group, will ultimately vest. This opinion is formed based on the best available information at reporting date.

No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

TREASURY SHARES

Shares in the Group held by the Executive Performance Share Plan are classified and disclosed as Treasury shares and deducted from equity.

Key Accounting Judgements, Estimates and Assumptions

Performance rights are issued for nil consideration and are granted in accordance with the plan's guidelines established by the Directors of Ramsay Health Care Limited.

The fair value of share rights with TSR performance conditions (market based conditions) are estimated on the date of grant using a Monte Carlo model. The fair value of share rights with non-market performance conditions are estimated at the date of grant using the Black Scholes Option Pricing model. The following weighted average assumptions were used for grants made on 17 November 2017, 15 November 2018, 15 November 2019 and 15 December 2020:

	Granted 15-Dec-20	Granted 15-Nov-19	Granted 15-Nov-18	Granted 17-Nov-17
Dividend yield	2.40%	2.31%	2.88%	2.27%
Expected volatility	30.32%	22.50%	22.50%	22.5%
Risk-free interest rate	0.10%	0.75%	2.11%	1.93%
Effective life of incentive right	3 years	3 years	3 years	3 years

The expected volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

The dividend yield reflects the assumption that the current dividend payout will continue with no anticipated increases. The expected life of the rights is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

19 Subsequent events

This note outlines events which have occurred between the reporting date, being 30 June 2021 and the date these financial results are released.

On 26 May 2021, Ramsay announced that it had reached agreement with the board of Spire Healthcare Group PLC (Spire) on the terms of a recommended cash offer to acquire the entire issued and to be issued share capital of Spire, by way of a scheme of arrangement under part 26 of the UK Companies Act 2006 ("Scheme").

The Court Meeting and General Meeting at which Spire shareholders voted on resolutions to approve and implement the Scheme were held on the 19 July 2021. As the requisite majority of votes required to pass all of the resolutions were not achieved, the proposed acquisition will not proceed. As a result, the amounts held in escrow of $1,958.1 million (Refer Note 16.a) at 30 June 2021, in relation to this business combination were released and subsequently used to pay down loans and borrowings of the Group.

There have been no other significant events after the reporting date that may significantly affect the Group's operations in future years, the results of these operations in future years or the Group's state of affairs in future years.

20 Related party transactions

This note discloses the Group's transactions with its related parties, including their relatives or related businesses.

Transactions with Related Party Entities and the Group

For the year ended 30 June 2021 there were no outstanding transactions (2020: $nil) to be billed to or billed from related party entities.

21 Auditors' remuneration

This note summarises the total remuneration received or receivable by the Group's external auditors for their audit, assurance and other services.

	2021 $	2020 $
Amounts received or due and receivable by Ernst & Young (Australia) for:		
An audit or review of the financial report of the entity and any other entity in the consolidated group	2,127,656	2,311,672
Fees for assurance services that are required by legislation to be provided by the auditor	-	-
Fees for other assurance and agreed-upon-procedures services under other legislation or contractual arrangements	-	48,350
Other services in relation to the entity and any other entity in the consolidated group		
Tax compliance	557,709	555,842
Assurance related	-	165,301
Advisory services	2,134,941	-
	4,820,306	3,081,165
Amounts received or due and receivable by overseas member firms of Ernst & Young (Australia) for:		
An audit or review of the financial report of the entity and any other entity in the consolidated group	3,944,572	3,552,735
Other services in relation to the entity and any other entity in the consolidated group		
Tax compliance	60,356	679,274
	4,004,928	4,232,009
	8,825,234	7,313,174
The total fees paid to Ernst & Young member firms by service type are:		
Audit Services	6,072,228	5,912,757
Non-audit Services	2,753,006	1,400,417
	8,825,234	7,313,174
Amounts received or due and receivable by non-Ernst & Young audit firms for:		
Audit or review of the financial report	2,493,263	1,950,577

22 Information relating to subsidiaries

This note provides a list of all the significant entities controlled by the Group as at the reporting date, including those included in the Closed Group.

Name	Country of Incorporation	% Equity Interest 2021	% Equity Interest 2020
RHC Nominees Pty Limited[1]	Australia	100%	100%
RHC Developments Pty Limited[1]	Australia	100%	100%
Ramsay Health Care Investments Pty Limited[1]	Australia	100%	100%
Ramsay Hospital Holdings Pty Limited[1]	Australia	100%	100%
Ramsay Hospital Holdings (Queensland) Pty Limited[1]	Australia	100%	100%
Ramsay Health Care Ventures Pty Limited[1]	Australia	100%	100%
Ramsay Finance Pty Limited[1]	Australia	100%	100%
Ramsay Aged Care Holdings Pty Limited[1]	Australia	100%	100%
Ramsay Aged Care Properties Pty Limited[1]	Australia	100%	100%
RHC Ancillary Services Pty Limited[1]	Australia	100%	100%
Linear Medical Pty Limited[1]	Australia	100%	100%
Newco Enterprises Pty Limited[1]	Australia	100%	100%
Sydney & Central Coast Linen Services Pty Limited[1]	Australia	100%	100%
Benchmark Healthcare Holdings Pty Limited[1]	Australia	100%	100%
Benchmark Healthcare Pty Limited[1]	Australia	100%	100%
AHH Holdings Health Care Pty Limited[1]	Australia	100%	100%
AH Holdings Health Care Pty Limited[1]	Australia	100%	100%
Ramsay Centauri Pty Limited[1]	Australia	100%	100%
Alpha Healthcare Pty Limited[1]	Australia	100%	100%
Ramsay Health Care Australia Pty Limited[1]	Australia	100%	100%
Donvale Private Hospital Pty Limited[1]	Australia	100%	100%
The Benchmark Hospital Group Pty Limited[1]	Australia	100%	100%
Dandenong Valley Private Hospital Pty Limited[1]	Australia	100%	100%
Benchmark – Surrey Pty Limited[1]	Australia	100%	100%
Benchmark – Peninsula Pty Limited[1]	Australia	100%	100%
Benchmark – Donvale Pty Limited[1]	Australia	100%	100%
Benchmark – Windermere Pty Limited[1]	Australia	100%	100%
Benchmark – Beleura Pty Limited[1]	Australia	100%	100%
Beleura Properties Pty Limited[1]	Australia	100%	100%
Affinity Health Holdings Australia Pty Limited[1]	Australia	100%	100%
Affinity Health Finance Australia Pty Limited[1]	Australia	100%	100%
Affinity Health Pty Limited[1]	Australia	100%	100%
Affinity Health Foundation Pty Limited[1]	Australia	100%	100%
Affinity Health Holdings Indonesia Pty Limited[1]	Australia	100%	100%
Hospitals of Australia Pty Limited[1]	Australia	100%	100%
Glenferrie Private Hospital Pty Limited[1]	Australia	100%	100%
Relkban Pty Limited[1]	Australia	100%	100%
Relkmet Pty Limited[1]	Australia	100%	100%
Votraint No. 664 Pty Limited[1]	Australia	100%	100%
Votraint No. 665 Pty Limited[1]	Australia	100%	100%
Australian Medical Enterprises Pty Limited[1]	Australia	100%	100%
AME Hospitals Pty Limited[1]	Australia	100%	100%
Victoria House Holdings Pty Limited[1]	Australia	100%	100%
C&P Hospitals Holdings Pty Limited[1]	Australia	100%	100%
HCoA Hospital Holdings (Australia) Pty Limited[1]	Australia	100%	100%
AME Properties Pty Limited[1]	Australia	100%	100%
AME Superannuation Pty Limited[1]	Australia	100%	100%

1 *Entities included in the deed of cross guarantee as required for the instrument*

22 Information relating to subsidiaries (Continued)

Name	Country of Incorporation	% Equity Interest 2021	% Equity Interest 2020
Attadale Hospital Property Pty Limited[1]	Australia	100%	100%
Glengarry Hospital Property Pty Limited[1]	Australia	100%	100%
Hadassah Pty Limited[1]	Australia	100%	100%
Rannes Pty Limited[1]	Australia	100%	100%
Hallcraft Pty Limited[1]	Australia	100%	100%
Jamison Private Hospital Property Pty Limited[1]	Australia	100%	100%
Affinity Health (FP) Pty Limited[1]	Australia	100%	100%
Armidale Hospital Pty Limited[1]	Australia	100%	100%
Caboolture Hospital Pty Limited[1]	Australia	100%	100%
Joondalup Hospital Pty Limited[1]	Australia	100%	100%
Joondalup Health Campus Finance Limited[1]	Australia	100%	100%
Logan Hospital Pty Limited[1]	Australia	100%	100%
Noosa Privatised Hospital Pty Limited[1]	Australia	100%	100%
AMNL Pty Limited[1]	Australia	100%	100%
Mayne Properties Pty Limited[1]	Australia	100%	100%
Port Macquarie Hospital Pty Limited[1]	Australia	100%	100%
HCoA Operations (Australia) Pty Limited[1]	Australia	100%	100%
Hospital Corporation Australia Pty Limited[1]	Australia	100%	100%
Dabuvu Pty Limited[1]	Australia	100%	100%
NBH Hold Co. Pty Limited	Australia	100%	100%
NBH Operator Pty Limited	Australia	100%	100%
HOAIF Pty Limited	Australia	100%	100%
HCA Management Pty Limited[1]	Australia	100%	100%
Malahini Pty Limited[1]	Australia	100%	100%
Tilemo Pty Limited[1]	Australia	100%	100%
Hospital Affiliates of Australia Pty Limited[1]	Australia	100%	100%
C.R.P.H Pty Limited[1]	Australia	100%	100%
Hospital Developments Pty Limited[1]	Australia	100%	100%
P.M.P.H Pty Limited[1]	Australia	100%	100%
Pruinosa Pty Limited[1]	Australia	100%	100%
Australian Hospital Care Pty Limited[1]	Australia	100%	100%
Australian Hospital Care (Allamanda) Pty Limited[1]	Australia	100%	100%
Australian Hospital Care (Latrobe) Pty Limited[1]	Australia	100%	100%
Australian Hospital Care 1988 Pty Limited[1]	Australia	100%	100%
AHC Foundation Pty Limited[1]	Australia	100%	100%
AHC Tilbox Pty Limited[1]	Australia	100%	100%
Australian Hospital Care (Masada) Pty Limited[1]	Australia	100%	100%
Australian Hospital Care Investments Pty Limited[1]	Australia	100%	100%
Australian Hospital Care (MPH) Pty Limited[1]	Australia	100%	100%
Australian Hospital Care (MSH) Pty Limited[1]	Australia	100%	100%
Australian Hospital Care (Pindara) Pty Limited[1]	Australia	100%	100%
Australian Hospital Care (The Avenue) Pty Limited[1]	Australia	100%	100%
Australian Hospital Care Retirement Plan Pty Limited[1]	Australia	100%	100%
eHealth Technologies Pty Limited[1]	Australia	100%	100%
Health Technologies Pty Limited[1]	Australia	100%	100%
Rehabilitation Holdings Pty Limited[1]	Australia	100%	100%
Bowral Management Company Pty Limited[1]	Australia	100%	100%

1 *Entities included in the deed of cross guarantee as required for the instrument*

22 Information relating to subsidiaries (Continued)

Name	Country of Incorporation	% Equity Interest 2021	% Equity Interest 2020
Simpak Services Pty Limited[1]	Australia	100%	100%
APL Hospital Holdings Pty Limited[1]	Australia	100%	100%
Alpha Pacific Hospitals Pty Limited[1]	Australia	100%	100%
Health Care Corporation Pty Limited[1]	Australia	100%	100%
Alpha Westmead Private Hospital Pty Limited[1]	Australia	100%	100%
Illawarra Private Hospital Holdings Pty Limited[1]	Australia	100%	100%
Northern Private Hospital Pty Limited[1]	Australia	100%	100%
Westmead Medical Supplies Pty Limited[1]	Australia	100%	100%
Herglen Pty Limited[1]	Australia	100%	100%
Mt Wilga Pty Limited[1]	Australia	100%	100%
Sibdeal Pty Limited[1]	Australia	100%	100%
Workright Pty Limited[1]	Australia	100%	100%
Adelaide Clinic Holdings Pty Limited[1]	Australia	100%	100%
eHospital Pty Limited[1]	Australia	100%	100%
New Farm Hospitals Pty Limited[1]	Australia	100%	100%
North Shore Private Hospital Pty Limited[1]	Australia	100%	100%
Phiroan Pty Limited[1]	Australia	100%	100%
Ramsay Health Care (Asia Pacific) Pty Limited[1]	Australia	100%	100%
Ramsay Health Care (South Australia) Pty Limited[1]	Australia	100%	100%
Ramsay Health Care (Victoria) Pty Limited[1]	Australia	100%	100%
Ramsay Health Care Services (QLD) Pty Limited[1]	Australia	100%	100%
Ramsay Health Care Services (VIC) Pty Limited[1]	Australia	100%	100%
Ramsay Health Care Services (WA) Pty Limited[1]	Australia	100%	100%
Ramsay Pharmacy Retail Services Pty Limited[1]	Australia	100%	100%
Ramsay International Holding Company Pty Limited	Australia	100%	100%
Ramsay Professional Services Pty Limited[1]	Australia	100%	100%
Ramsay Diagnostics (No. 1) Pty Limited[1]	Australia	100%	100%
Ramsay Diagnostics (No. 2) Pty Limited[1]	Australia	100%	100%
Ramsay Health Care (UK) Limited	UK	100%	100%
Ramsay Health Care UK Finance Limited	UK	100%	100%
Ramsay Health Care Holdings UK Limited	UK	100%	100%
Ramsay UK Properties Limited	UK	100%	100%
Linear Healthcare UK Limited	UK	100%	100%
Independent British Healthcare (Doncaster) Limited	UK	100%	100%
Ramsay Diagnostics Limited	UK	100%	100%
Ramsay Health Care UK Operations Limited	UK	100%	100%
Independent Medical (Group) Limited	UK	100%	100%
Exeter Medical Limited	UK	100%	100%
Ramsay Health Care (UK) No.1 Limited	UK	100%	100%
Ramsay Health Care Leasing UK Limited	Guernsey	100%	100%
Ramsay Santé SA[2]	France	52.54%	52.50%
Capio AB	Sweden	52.54%	52.50%

1 *Entities included in the deed of cross guarantee as required for the instrument*
2 *Ramsay Santé SA (formerly Ramsay Générale de Santé SA) owns a number of subsidiaries, none of which are individually material to the Group*

23 Closed group

This note presents the consolidated financial performance and position of the Australian wholly owned subsidiaries, which together with the parent entity, Ramsay Health Care Limited, are referred to as the Closed Group.

Entities subject to instrument

Pursuant to Instrument 2016/785, relief has been granted to the entities in the table of subsidiaries in Note 22, (identified by footnote 1) from the *Corporations Act 2001* requirements for preparation, audit and lodgement of their financial reports.

As a condition of the Instrument, these entities entered into a Deed of Cross Guarantee on 22 June 2006 or have subsequently been added as parties to the Deed of Gross Guarantee by way of Assumption Deeds dated 24 April 2008, 27 May 2010, 24 June 2011, 20 October 2015, 17 December 2015 and 14 May 2019. The effect of the deed is that Ramsay Health Care Limited has guaranteed to pay any deficiency in the event of winding up of a wholly owned Australian entity or if they do not meet their obligations under the terms of overdrafts, loans, leases or other liabilities subject to the guarantee. The controlled entities have also given a similar guarantee in the event that Ramsay Health Care Limited is wound up or if it does not meet its obligation under the terms of overdrafts, loans, leases or other liabilities subject to the guarantee.

The consolidated Income Statement and Statement of Financial Position of the entities that are members of the Closed Group are as follows:

	Closed Group	
Consolidated Income Statement	**2021 $m**	**2020 $m**
Profit from operations before income tax	564.2	428.1
Income tax expense	(178.3)	(128.5)
Net profit for the year	**385.9**	**299.6**
Retained earnings at the beginning of the year	1,467.0	1,557.1
AASB 16 Leases adjustment	-	(67.2)
Dividends provided for or paid	(115.3)	(322.5)
Retained earnings at the end of the year	**1,737.6**	**1,467.0**

23 Closed group (Continued)

Consolidated Statement of Financial Position	Closed Group 2021 $m	Closed Group 2020 $m
ASSETS		
Current Assets		
Cash and cash equivalents	17.1	564.7
Trade and other receivables	683.5	618.4
Inventories	160.7	160.0
Prepayments	30.2	31.7
Other current assets	1,322.7	9.9
Total Current Assets	**2,214.2**	**1,384.7**
Non-current Assets		
Other financial assets	648.4	648.8
Investments in joint ventures	217.5	245.8
Property, plant and equipment	2,440.5	2,381.6
Right of use assets	458.2	347.2
Goodwill and Intangible assets	1,076.3	1,073.8
Deferred tax assets	193.9	185.3
Prepayments	10.9	11.1
Non-current receivables	207.1	205.2
Total Non-current Assets	**5,252.8**	**5,098.8**
TOTAL ASSETS	**7,467.0**	**6,483.5**
LIABILITIES		
Current Liabilities		
Trade and other creditors	153.7	990.9
Lease liability	21.0	16.6
Provisions	66.1	41.3
Derivative financial instruments	2.7	4.6
Income tax payable	6.4	6.9
Total Current Liabilities	**249.9**	**1,060.3**
Non-current Liabilities		
Interest-bearing loans and borrowings	1,947.1	536.5
Lease liability	565.1	450.0
Provisions	129.0	129.3
Derivative financial instruments	4.3	9.6
Total Non-current Liabilities	**2,645.5**	**1,125.4**
TOTAL LIABILITIES	**2,895.4**	**2,185.7**
NET ASSETS	**4,571.6**	**4,297.8**
EQUITY		
Issued capital	2,197.6	2,197.6
Treasury shares	(76.7)	(78.2)
Convertible Adjustable Rate Equity Securities (CARES)	252.2	252.2
Retained earnings	1,737.6	1,467.0
Other reserves	460.9	459.2
TOTAL EQUITY	**4,571.6**	**4,297.8**

24 Parent entity information

This note presents the stand-alone summarised financial information of the parent entity Ramsay Health Care Limited.

	2021 $m	2020 $m
Information relating to Ramsay Health Care Limited		
Current assets	2,831.4	2,652.5
Total assets	2,976.1	2,806.7
Current liabilities	2.0	3.3
Total liabilities	2.0	3.3
Issued capital	2,197.6	2,197.6
Other equity	776.5	605.8
Total shareholders' equity	2,974.1	2,803.4
Net profit for the year after tax	282.3	279.8

As a condition of the Instrument (set out in Note 23), Ramsay Health Care Limited has guaranteed to pay any deficiency in the event of winding up of a controlled entity or if they do not meet their obligations under the terms of overdrafts, loans, leases or other liabilities subject to guarantee.

25 Material partly – owned subsidiaries

This note provides information of the significant subsidiaries that the Group owns less than 100% shareholding in.

Ramsay Santé (formerly Ramsay Générale de Santé) has a material non-controlling interest (NCI): This entity represents the French and Nordic segments for management and segment reporting.

Financial information in relation to the NCI is provided below:

Proportion of equity interest and voting rights held by non- controlling interests

Refer to Note 22 which discloses the equity interest held by the Ramsay Group. The remaining equity interest is held by the non-controlling interest.

Voting rights for Ramsay Santé at 30 June 2021 are 52.8% (2020: 52.1%). The remaining interest is held by the non-controlling interest.

Accumulated balances of non-controlling interests

Refer to the Consolidated Statement of Changes in Equity.

Profit allocated to non-controlling interests

Refer to the Consolidated Income Statement.

Summarised Statement of Profit or Loss and Statement of Financial Position for 2021 and 2020

Refer to Note 1. The French and Nordic segments consist only of this subsidiary that has a material non-controlling interest.

Summarised cash flow information

	2021 $m	2020 $m
Operating	872.3	988.1
Investing	(325.5)	(306.3)
Financing	(418.4)	(408.4)
Net increase in cash and cash equivalents	128.4	273.4

26 Status of audit

This report is based on accounts which are in the process of being audited.

Ramsay Health Care

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