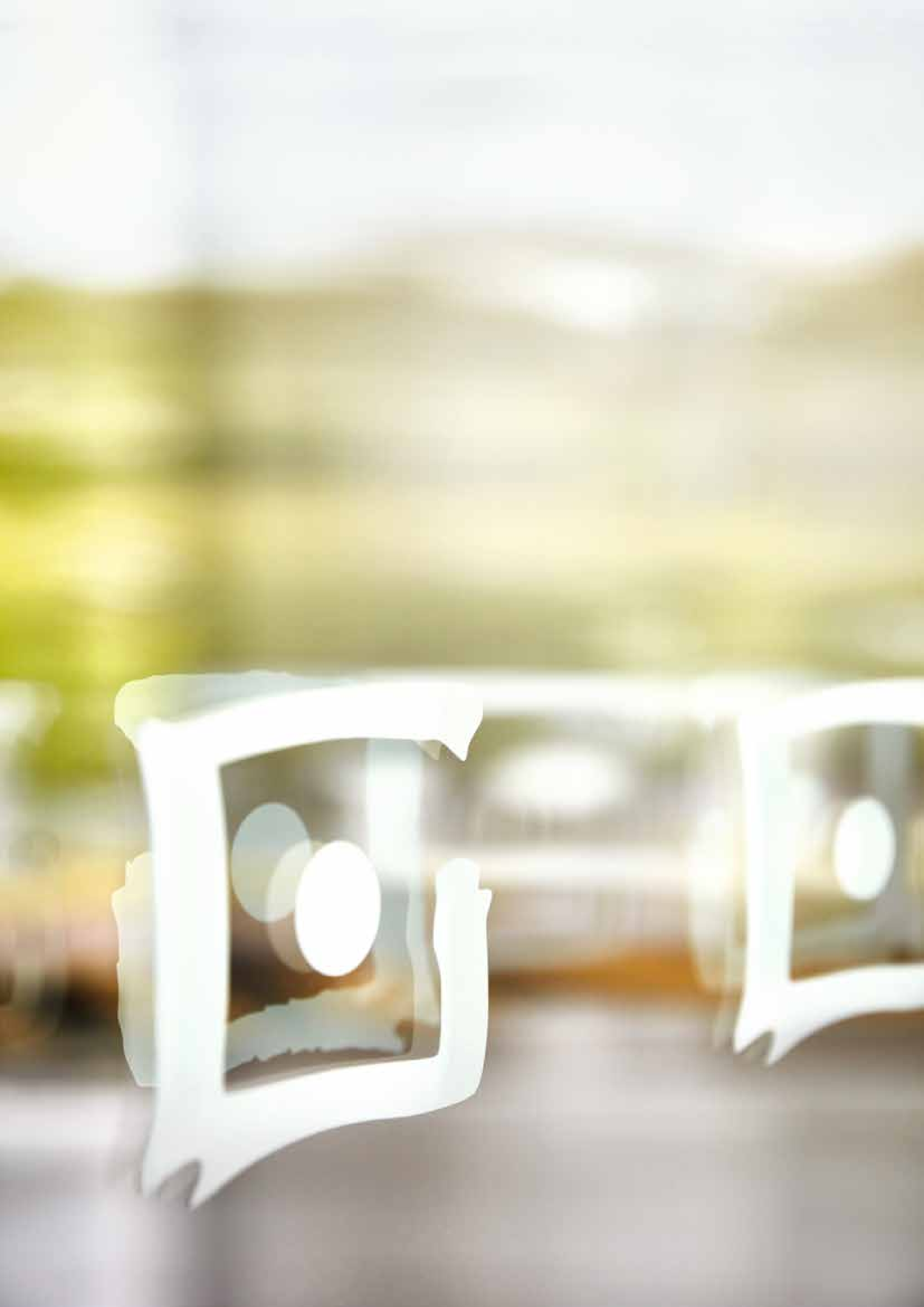
HIRSLANDEN

ANNUAL CONSOLIDATED FINANCIAL STATEMENTS 2021
AUDIT REPORT

EXPERTISE YOU CAN TRUST.

HIRSLANDEN
A MEDICLINIC INTERNATIONAL COMPANY



Hirslanden AG
Opfikon

Report of the statutory auditor
to the General Meeting

on the consolidated financial statements 2021

Report of the statutory auditor

to the General Meeting of Hirslanden AG

Opfikon

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Hirslanden AG and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 March 2021 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period from 1 April 2020 to 31 March 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2021 and its consolidated financial performance and its consolidated cash flows for the period from 1 April 2020 to 31 March 2021 in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

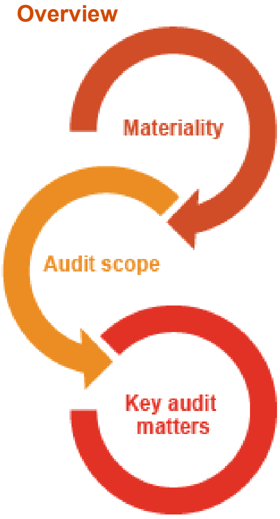
Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the “Auditor’s responsibilities for the audit of the consolidated financial statements” section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the IESBA Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview



- Overall Group materiality: CHF 8'100'000
- Full audit procedures were performed at 17 out of 28 reporting units
- Our audit scope addressed 98% of the Group’s revenue

As key audit matter the following area of focus has been identified:

- Impairment assessment of non-current assets

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall Group materiality	CHF 8'100'000
How we determined it	Based on 2.5% of the average earnings before interest, tax, depreciation and amortisation (EBITDA, before any impairment charge on intangible and tangible assets) of the last five years (FY2017 to FY2021), rounded
Rationale for the materiality benchmark applied	As a basis for their decisions, Management uses EBITDA as it believes that it reflects the underlying operating performance of the Group. We took this measure into account in determining our materiality since we concur with management that it is the benchmark against which the performance of the Group is most commonly measured. The average of FY2017 – 2021 has been selected to soften the COVID-19 impact on the materiality determination.

We agreed with the Board of Directors that we would report to them misstatements above CHF 810'000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed at each reporting unit. As all components are located in Switzerland, members of the Group engagement team were involved in audits of several reporting units and were able to have direct oversight on the audits at other components. We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain, such as the recovering value of intangible assets including goodwill. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment assessment of non-current assets

Key audit matter	How our audit addressed the key audit matter
As per 31 March 2021 the Group reports goodwill of CHF 129.5 million, brand name intangible assets of CHF 52.0 million and property, equipment and vehicles of CHF 3'942.9 million. Management executed an impairment assessment on goodwill as required by the accounting standard. Whilst management has not identified any trigger requiring an impairment assessment for other definite-lived non-current assets management nevertheless executed an impairment assessment. The impairment assessment of non-current assets is considered a key audit matter due the magnitude of the assets compared to the total assets as well as the estimation uncertainty inherent in management's assumptions relating to the recoverability of the assets. The main assumptions relate to the future cash flows of the respective cash generating units or group of cash generating units (CGUs) as well as the discount rates applied to derive the associated recoverable amounts. Refer to the notes to the consolidated financial statements, specifically note 4 "Critical accounting estimates and judgements", note 5 "Property, equipment and vehicles" and note 6 "Intangible assets".	We have obtained management's impairment tests for each of the CGUs. We discussed with management the appropriateness of the CGU's determined and tested the allocation of net assets to the respective CGUs. We assessed whether the impairment model applied is appropriate. Specifically, we performed the following procedures: • We reconciled the estimated future cash flows of the 5-year forecast period to the business plan approved by the Board of Directors. • We discussed the key assumptions included in the model with management. • We assessed the methodology applied to calculate the terminal value for its adequacy. • With support of our internal valuation specialists we tested the reasonableness of the discount rate and reconciled the respective inputs to observable market data. Furthermore, we assessed the reasonableness of the growth rate after the forecast period by comparison to external projections for the healthcare sector. • We tested the mathematical correctness of the model. • We compared the current year actual results with the assumptions for the current year included in the prior years' impairment tests. • We inquired with the selected hospital Directors and other management representatives about the relevant milestones in the respective business plan as well as management's ability and intent to achieve these. • We performed own sensitivities to stress-test the model. We assessed the adequacy of the disclosures related to the impairment assessment. Based on our work performed, we obtained adequate assurance of the appropriateness of management's assumptions and how the impairment assessments were performed and the recoverability of the remaining carrying values of non-current assets.

Other information in the annual report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements of Hirslanden AG and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

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

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

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

As part of an audit in accordance with Swiss law, ISAs and Swiss Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Bruno Rossi	Sven Rumpel
Audit expert Auditor in charge	Audit expert

Zurich, 12 May 2021

Enclosure:

- Consolidated financial statements (consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes)

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CONTENTS AND GENERAL INFORMATION

for the year ended 31 March

CONTENTS

GENERAL INFORMATION

These financial statements are consolidated financial statements for Hirslanden AG (the "Company") and its subsidiaries, associates and joint ventures (collectively, the "Group"). A list of subsidiaries, associates and joint ventures is included in note 37.

These annual consolidated financial statements have been approved for issue by the Board of Directors on 12 May 2021 for the ultimate approval of the shareholders at their annual general meeting.

COMPANY REGISTRATION NUMBER
CHE-113.796.171

ULTIMATE HOLDING COMPANY
Mediclinic International plc

REGISTERED OFFICE
Boulevard Lilienthal 2, 8152 Glattpark (Opfikon)

EXECUTIVE MANAGEMENT

Mr. D. Liedtke (Chief Executive Officer)
Mr. P.-A. Binard (Chief Financial Officer)
Dr. C. H. A. Westerhoff (Chief Clinical Officer)
Mr. M. Bechtiger (Chief Human Resources Officer)
Mr. S. Studer (Chief Operating Officer West)
Dr. S. Pahls (Chief Operating Officer East)
Mr. C. Goosen (Chief Information Officer)

BOARD OF DIRECTORS

Mr. D. Liedtke (President)
Mr. P.-A. Binard

COMPANY SECRETARY

Ms. C. Dusold

AUDITORS

PricewaterhouseCoopers AG, Switzerland, Zürich

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 March

		GROUP	
		2021	2020
	Notes	CHF 000	CHF 000
ASSETS			
Non-current assets		**4'347'526**	4'202'120
Property, equipment and vehicles	5	3'942'874	3'953'709
Intangible assets	6	239'376	235'979
Equity accounted investments	7	3'237	2'096
Loans to group companies and related parties	32.1	83	-
Other investments and loans	8	7'502	4'913
Deferred income tax assets	9	11'782	5'423
Retirement benefit assets	18	142'672	-
Current assets		**816'326**	820'233
Inventories	10	74'728	66'124
Trade and other receivables	11	635'793	565'749
Cash and cash equivalents	12	105'805	179'299
Assets classified as held for sale		-	9'061
Total assets		**5'163'852**	5'022'353
EQUITY			
Capital and reserves			
Share capital	13	551'882	551'882
Share premium	13	924'402	950'140
Retained earnings	14	(221'481)	(382'999)
Redemption liability reserve	20	(113'477)	(113'477)
Attributable to equity holders of the Company		**1'141'326**	1'005'546
Non-controlling interests	15	46'085	40'661
Total equity		**1'187'411**	1'046'207
LIABILITIES			
Non-current liabilities		**3'563'994**	3'449'762
Borrowings	16	1'544'964	1'501'963
Lease liability	17	487'658	460'202
Loans from related parties	32.2	762'788	740'302
Deferred income tax liabilities	9	535'696	498'112
Retirement benefit obligations	18	35'414	84'540
Provisions	19	47'760	43'647
Derivative financial instrument	20	149'587	120'953
Cash-settled share-based payment liability	21	127	43
Current liabilities		**412'447**	526'384
Trade and other payables	22	299'141	314'461
Borrowings	16	51'000	146'000
Lease liability	17	42'102	39'992
Provisions	19	15'013	17'012
Current income tax liabilities	30.3	5'191	4'607
Liabilities directly associated with assets classified as held for sale		-	4'312
Total liabilities		**3'976'441**	3'976'146
Total equity and liabilities		**5'163'852**	5'022'353

CONSOLIDATED INCOME STATEMENT

for the period from 1 April until 31 March

GROUP

	Notes	2021 CHF 000	(Re-presented)* 2020 CHF 000
Revenue	23	**1'783'623**	1'803'877
Other income	24	12'645	-
Employee benefit and contractor costs	25	(890'015)	(886'949)
Consumables and supplies		(384'230)	(367'775)
Care related costs		(100'540)	(94'882)
Infrastructure related costs	25	(66'756)	(65'737)
Service costs	25	(76'785)	(80'090)
Provision for expected credit losses		(5'895)	(2'499)
Depreciation and amortisation	25	(154'944)	(157'594)
Impairment of properties, equipment and vehicles		-	(39'329)
Impairment reversal of properties		-	5'458
Other gains and losses	26	(429)	203
Operating profit		**116'674**	114'683
Dividend income		627	503
Finance income		585	231
Finance cost	27	(87'002)	(64'970)
Share of profit of equity accounted investments	7	157	(8)
Profit before taxation		**31'041**	50'439
Income tax (expense) / income	28	(14'679)	15'624
Profit for the period		**16'362**	66'063
Attributable to:			
Equity holders of the Company		9'378	56'361
Non-controlling interests		6'984	9'702
		16'362	66'063

* Refer to note 2.1.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period from 1 April until 31 March

		GROUP	
		2021	2020
	Notes	CHF 000	CHF 000
Profit for the period		**16'362**	66'063
Other comprehensive income			
Items that may not be reclassified to the income statement			
Remeasurement of retirement benefit obligations	9/18	153'505	(18'116)
Other comprehensive income / (loss), net of tax		**153'505**	(18'116)
Total comprehensive income / (loss) for the year		**169'867**	47'947
Attributable to:			
Equity holders of the Company		158'864	37'688
Non-controlling interests	15	11'003	10'259
		169'867	47'947

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

as at 31 March

GROUP

	Share capital (note 13)	Share premium (note 13)	Redemption liability reserve (note 20)	Retained earnings (note 14.1)	**Shareholders' equity**	Non-controlling interests (note 15)	**Total equity**
	CHF 000	CHF 000	CHF 000	CHF 000	**CHF 000**	CHF 000	**CHF 000**
Balance at 01 April 2019	**551'882**	**976'056**	**(113'477)**	**(420'229)**	**994'232**	**38'716**	**1'032'948**
Profit for the year	-	-	-	56'361	56'361	9'702	66'063
Other comprehensive income / (loss), net of tax	-	-	-	(18'673)	(18'673)	557	(18'116)
Total comprehensive income / (loss) for the year	-	-	-	37'688	37'688	10'259	47'947
Transactions with non-controlling shareholders	-	-	-	(458)	(458)	86	(372)
Distributions to non-controlling shareholders	-	-	-	-	-	(8'400)	(8'400)
Distributions to shareholder	-	(25'916)	-	-	(25'916)	-	(25'916)
Balance at 31 March 2020	551'882	950'140	(113'477)	(382'999)	1'005'546	40'661	1'046'207
Profit / (loss) for the year	**-**	**-**	**-**	**9'378**	**9'378**	**6'984**	**16'362**
Other comprehensive income / (loss), net of tax	**-**	**-**	**-**	**149'486**	**149'486**	**4'019**	**153'505**
Total comprehensive income / (loss) for the year	**-**	**-**	**-**	**158'864**	**158'864**	**11'003**	**169'867**
Transactions with non-controlling shareholders	**-**	**-**	**-**	**2'654**	**2'654**	**501**	**3'155**
Distributions to non-controlling shareholders	**-**	**-**	**-**	**-**	**-**	**(6'080)**	**(6'080)**
Distributions to shareholder	**-**	**(25'738)**	**-**	**-**	**(25'738)**	**-**	**(25'738)**
Balance at 31 March 2021	**551'882**	**924'402**	**(113'477)**	**(221'481)**	**1'141'326**	**46'085**	**1'187'411**

CONSOLIDATED STATEMENT CASH FLOWS

for the period from 1 April until 31 March

		GROUP	
		2021	**2020**
	Notes	**CHF 000 Inflow/ (outflow)**	**CHF 000 Inflow/ (outflow)**
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	30.1	178’860	356’491
Interest received		585	231
Interest paid	30.2	(32’706)	(33’280)
Tax paid	30.3	(16’482)	(26’947)
Net cash generated from operating activities		**130’257**	296’495
CASH FLOW FROM INVESTMENT ACTIVITIES		**(86’318)**	(74’380)
Investment to maintain operations	30.4	(41’002)	(39’926)
Investment to expand operations	30.5	(45’463)	(46’871)
Proceeds on disposal of property, equipment and vehicles		217	2’394
Acquisition of investments in associates	7	(1’031)	(30)
Dividends received from equity accounted investments and other investments	7	47	500
Proceeds from other investments		815	764
Acquisition of other investments		(459)	(445)
Proceeds from loans	8	982	414
Loans granted	8	(1’720)	(2’255)
Business combinations, net of cash acquired	33	(2’765)	-
Disposal of subsidiaries and businesses, net of cash	34	4’061	11’075
Net cash generated before financing activities		**43’939**	222’115
CASH FLOW FROM FINANCING ACTIVITIES		**(117’606)**	(187’868)
Distributions to non-controlling interests		(6’080)	(8’400)
Transactions with non-controlling interests	34	3’155	(400)
Distributions to shareholder		(25’738)	(25’916)
Proceeds from borrowings	16	145’000	-
Repayment of borrowings	16	(196’060)	(117’000)
Repayment of lease liabilties	17	(33’728)	(34’419)
Refinancing transaction costs	16	(4’155)	(1’733)
Net increase / (decrease) in cash and cash equivalents		**(73’667)**	34’247
Opening balance of cash and cash equivalents *		**179’472**	145’225
Closing balance of cash and cash equivalents *		**105’805**	179’472

* *The closing balance of cash and cash equivalents at 31 March 2020 includes the cash balance of the disposal group held for sale (TCHF 173), which is reclassified in the balance sheet as an asset classified as held for sale.*

1. DESCRIPTION OF BUSINESS

The main business of the Group is to enhance the quality of life of patients by providing comprehensive, high-quality hospital services on a cost-effective basis. The Group currently operates seventeen hospitals, four outpatient surgical units, seventeen radiology institutes and five radiotherapy institutes in Switzerland.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

The annual consolidated financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The consolidated financial statements are presented in Swiss Francs (CHF), which is the functional and presentation currency of all Group companies and all values are rounded to the nearest thousand (CHF 000) except when otherwise indicated. The consolidated financial statements are prepared on the historical cost convention, except for the following items, which are carried at fair value or valued using another measurement basis:

- Derivative financial assets and liabilities, equity instruments measured at FVPL are measured at fair value;
- Retirement benefit obligations that are measured in terms of the projected unit credit method and plan assets measured at fair value; and
- Liabilities for cash-settled share-based payments are measured at fair value.

The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual consolidated financial statements, are disclosed in note 4.

The consolidated financial statements of the Group for the year ended 31 March 2021 contain the result of the year beginning 1 April 2020 until 31 March 2021. The comparative figures are comprised of the year from 1 April 2019 to 31 March 2020.

COVID 19 - Outlook

The severity, duration and full impact of the COVID-19 pandemic and its economic aftermath on the Group’s businesses remains uncertain. Despite of the global vaccine roll-outs and the robust operating performance for the year ended 31 March 2021, there remains a degree of risk and uncertainty as to the Group’s financial performance for at least the next 12-18 months.

The Group’s financial performance to date in FY21 has been well ahead of the COVID-19-adjusted base case scenarios modelled at the beginning of the pandemic in March 2020. As evidenced in the year under review, the key impact to revenue and profitability during the pandemic was the national lockdown measures and restrictions imposed on non-urgent elective procedures between 16 March and 27 April 2020. Despite the differing pace of global vaccine roll-outs causing continuing uncertainty, it is considered reasonably unlikely that in Hirslanden’s markets the severe restrictions previously imposed on non-urgent elective procedures will be reintroduced given the advance in COVID-19 operating protocols since March 2020.

Due to the proactive response to maintain the Group’s liquidity position, cash and available facilities has remained strong and stable at CHF 472m at year-end, compared to CHF 545m at 31 March 2020 and CHF 516m at 30 September 2020.

Going Concern Assessment

For the purposes of assessing liquidity specifically and going concern broadly at 31 March 2021, the Group modelled a combination of severe but plausible scenarios on a month-by-month basis and applied mitigation actions with specific reference to:

• Further reduction in tariffs due to insurance mix deterioration
• Further reduction in volumes due to FINMA “Preisüberwacher” pressure

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Due to the mostly fixed employee cost base across the business, lower revenue due to either a reduction in tariffs or volumes has the most pronounced impact on EBITDA. Compared to the business plan (Base case), the combined adverse effect of reduction of tariffs and volumes after mitigation, amounts overall to a decline of approximately 9.6% or CHF 41.6m EBITDA over the next 18 months. In the worst affected month, the Group EBITDA is affected by approximately 23.8% in the downside case after mitigation action when compared to the base case.

Depending on the circumstances, further mitigating actions would be available to the Group that has not been modelled. These include:

• further reductions in capital expenditure, ceasing ongoing projects;
• reductions in staff and other operating costs;
• a freeze on recruitment;
• a restriction on salary increases;
• suspend dividend payments

Based on the assumptions applied and the effect of mitigating actions set out above, most within the control of the Group, the analyses demonstrate that the Group will continue to be able to meet their obligations for the periods modelled.

Debt is ring-fenced within the Group, with no cross guarantees or cross defaults. Borrowings are denominated in the same currency as the Group's underlying revenue and therefore not exposed to foreign exchange rate risk.

Hirslanden obtained a covenant test waivers where the forecast financial impact from the disruption on the operation may have resulted in covenants being exceeded before coming back into compliance as operations normalise. For Hirslanden this will be performed at the end of September 2022. By the time of the reinstated test, all covenants have sufficient headroom based on the range of modelled scenarios and the Group will continue to be able to meet their obligations for the periods modelled.

While recognising that there remains significant risk to the Group's financial performance for at least the next 12 months, the directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due, in the ordinary course of business.

Income statement reclassification

During the period, the Group changed the presentation of its operating expenses in the Consolidated Income Statement from an analysis by function to an analysis by nature. Comparatives have been changed to conform to the new presentation. The rationale for the change is to align the presentation of expenses with that of the internal management reports and to provide a more robust disaggregation of the Group's activities that better reflects the nature of the business. The Group believes that the change in presentation of expenses results in more relevant information for the users and enhanced disclosure on the face of the income statement. The prior period expenses of TCHF 1'655'323 for the year ended 31 March 2020 previously classified as Cost of sales (TCHF 1'166'536) and Administration and other operating expenses (TCHF 488'787) have been reclassified by nature of expense as set out in the table below.

Category	***Description***
Employee benefit and contractor costs	Includes employee benefit expenses for all staff, contractor costs and other employee related costs.
Consumables and supplies	Includes the cost of all inventories, including obsolete stock, which have been expensed during the year.
Care related costs	Includes costs closely linked to providing a service or care to patients and enhancing patient experience and includes catering, laundry, cleaning, security services and other patient related costs.
Infrastructure related costs	Includes repairs and maintenance, rates and taxes, utilities, rent expensed in terms of IFRS 16 and other infrastructure related costs.
Service costs	Includes all other administrative and operating expenses and non-specific service costs rendered, including, but not limited to, consulting, marketing, travel, and audits.
Provision for expected credit losses	Consists of the movement in the allowance for expected credit losses recognised in terms of IFRS 9.
Depreciation and amortisation	Includes depreciation on property, equipment and vehicles and right-of-use assets, as well as amortisation of intangible assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Consolidation and equity accounting

a) Basis of consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The results of subsidiaries are included in the consolidated financial statements from the effective date of acquisition until control is relinquished.

Adjustments to the financial statements of subsidiaries are made when necessary to bring their accounting policies in line with those of the Group.

All intra-company transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the Group’s interest therein, and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised.

b) Business combinations

The Group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets obtained and liabilities incurred or assumed. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt or incur borrowings that are amortised as part of the effective interest and costs to issue equity, which are included in equity.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the recognition conditions of IFRS 3 Business Combinations are recognised at their fair values at acquisition date.

Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date.

On acquisition, the Group assesses the classification of the acquiree's assets and liabilities and reclassifies them where the classification is inappropriate for Group purposes. This excludes lease agreements and insurance contracts, whose classification remains as per their inception date.

Non-controlling interests arising from a business combination, which are present ownership interests, and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation, are measured either at the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets or at fair value. The treatment is not an accounting policy choice but is selected for each individual business combination and disclosed in the note for business combinations. All other components of non-controlling interests are measured at their acquisition date fair values, unless another measurement basis is required by IFRS.

In cases where the Company held a non-controlling shareholding in the acquiree prior to obtaining control, that interest is measured to fair value at acquisition date. The measurement to fair value is included in profit or loss for the year. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest, less the fair value of the identifiable assets and liabilities of the acquiree. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement. Goodwill is not amortised but is tested on an annual basis for impairment or more frequently if events or changes in circumstances indicate a potential impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Investments in associates and joint ventures

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Investments in associates and joint ventures are accounted for using the equity method of accounting.

Under the equity method, the equity-accounted investments are initially recognised at cost and adjusted thereafter to recognise the Group’s share of the post-acquisition profits or losses and movements in other comprehensive income. Dividends received or receivable from equity-accounted investments are recognised as a reduction in the carrying amount of the investment. The Group’s investments in associates and joint ventures include goodwill identified on acquisition. When the Group’s share of losses in an associate or joint venture equals or exceeds its interests in the investment (which includes any long-term interests that, in substance, form part of the Group’s net investment), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the entity.

Unrealised gains on transactions between the Group and its equity-accounted investments are eliminated to the extent of the Group’s interest in these investments. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the equity-accounted investments have been changed where necessary to ensure consistency with the policies adopted by the Group. If the ownership interest in an equity-accounted investment is reduced but significant influence or joint control is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate. The Group’s share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment.

The Group determines at each reporting date whether there is any objective evidence that the equity-accounted investment is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the investment and its carrying value and recognises the amount adjacent to share of profit or loss of the investment in the income statement.

2.3 Segment reporting

Consistent with internal reporting, the Group's operating segments are the eight supply regions (Aargau, Baselland, Berne, East (Appenzell, St. Gallen), Lucerne, West (Geneva, Vaud), Zug and Zurich). The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee of Switzerland (ExCo) that makes strategic decisions.
The following reports are reviewed by the ExCo on a monthly basis: Income statement, cash flow statement and balance sheet as well as statistics.
Since all operating segments are healthcare providers in Switzerland and as such have the same business activities and operate in the same economic and regulatory environment, have similar economic characteristics such as long-term EBITDA-margins and revenue streams and offer similar services to similar types of customers, the eight operating segments are aggregated into one reportable segment in line with the aggregation criteria of IFRS 8.

2.4 Property, equipment and vehicles

Land and buildings mainly comprise hospitals and offices. All property, equipment and vehicles is shown at cost less accumulated depreciation and impairment, except for land, which is shown at cost less impairment. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land and capital work in progress is not depreciated. Building shells are not depreciated unless the asset's carrying amount is greater than the residual value. Depreciation on the other assets is calculated using the straight-line method to allocate the cost of each asset to its residual value over the estimated useful life, as follows:

- Building shells:	100 years
- Fixed installations:	20 - 30 years or over the term of the lease contract if shorter
- Leasehold improvements:	3 - 10 years
- Equipment:	3 - 10 years
- Furniture and vehicles:	3 - 10 years

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

When commissioned, capital work in progress is transferred to the relevant category of property and equipment and depreciated in accordance with the Group's policies.

An asset is derecognised on disposal or when no future economic benefits are expected from its use. Profit or loss on disposals is determined by comparing fair value of proceeds with carrying amounts. These are included in the income statement.

2.5 Intangible assets

a) Trade names

Trade names have been recognised by the Group as part of a business combination. No value is placed on internally developed trade names. Trade names are capitalised at the cost to the Group and amortised on a straight-line basis over their estimated useful lives of 25 years. Trade names are carried at cost less accumulated amortisation and accumulated impairment. Expenditure to maintain trade names is expensed as incurred.

b) Goodwill

Goodwill represents the excess of the consideration transferred over the fair value of net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate a potential impairment. Goodwill is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units ("CGU") for the purpose of impairment testing. The allocation is made to those CGU or Groups of CGUs that are expected to benefit from the business combination in which the goodwill arose. Management monitors goodwill for impairment at a CGU level. Any impairment losses that are recognised are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amount of other assets in the CGU where the carrying amount is greater than the recoverable amount.

c) Computer software and projects

Acquired computer software licences and specific IT project costs such as internally developed software programmes are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised using the straight line method over their estimated useful lives (3 - 5 years). Costs associated with maintaining computer software programs or development expenditure that do not meet the recognition criteria are recognised as an expense as incurred.

2.6 Impairment of non-financial assets

Assets that are subject to amortisation are tested for impairment whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The recoverable amount is calculated by estimating future cash benefits that will result from each asset and discounting those cash benefits at an appropriate discount rate. For the purposes of assessing impairment, assets are Grouped at the lowest levels for which there are separately identifiable and independent cash flows - CGUs. Non-financial assets, other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Financial assets

The Group classifies its financial assets in the following measurement categories:

- Financial assets measured subsequently at fair value through profit or loss (FVPL) and
- Financial assets measured at amortised cost.

The classification depends on the business model for managing the financial assets and the contractual terms of the cash flows. Management determines the classification of its investment at initial recognition.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

a) Equity instruments

The Group subsequently measures all equity investments at fair value. Changes in the fair value of financial assets at fair value through profit or loss (FVPL) are recognised in other gains and losses in the income statement.

Where management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit and loss. Upon derecognition of these equity investments, any balance within the FVOCI reserve is reclassified to retained earnings. Dividends from such investments are recognised in profit or loss as other gains and losses when the Group's right to receive payments is established. Currently the Group has not elected to designate any equity instruments at FVOCI.

Impairment losses on equity investments measured at FVOCI or FVPL are not reported separately from other changes in fair value.

b) Debt instruments

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and the cash flow characteristics of the asset.

There are two measurement categories into which the Group classifies its debt instruments:

- Amortised cost:
  Assets that are held for collection of contractual cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Trade receivables and loans receivable are classified as debt instruments measured at amortised cost.
- Fair value through profit or loss (FVPL):
  Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss is recognised in profit or loss and presented in the income statement as part of other gains and losses in the period in which it arises. Interest income from these financial assets is included in finance income.

Debt instruments are included in current assets, except for maturities greater than 12 months after the reporting date, which are classified as non-current assets.

c) Impairment

The Group recognises an allowance for expected credit losses for all debt instruments not held at FVPL. Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

Expected credit losses are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, expected credit losses are provided for credit losses that result from default events that are possible within the next 12 months. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

For trade receivables only, the Group applies the simplified approach permitted by IFRS 9, which requires lifetime expected credit losses to be recognised from initial recognition of the receivables. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Trade receivables have been grouped based on shared credit risk characteristics, such as the counterparty (insurer or individual, etc.) or geographical region, and the days past due. The expected loss rates are based on the payment profiles of debtors and the corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

For debt instruments at amortised cost, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.8 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts, the legal enforceable right is not contingent of a future event and is enforceable in the normal course of business even in the event of default, bankruptcy and insolvency, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.9 Inventories

Inventories are valued at the lower of cost, determined on weighted average cost method, or net realisable value. The valuation excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.10 Cash and cash equivalents

Cash and cash equivalents consist of balances with banks and cash on hand and are classified as debt instruments measured at amortised cost under IFRS 9. Bank overdrafts are classified as financial liabilities at amortised cost and are disclosed as part of borrowings in current liabilities in the statement of financial position.

2.11 Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently measured at fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Hedges of a particular risk associated with a recognised liability or a highly probable forecast transaction are designated as a cash flow hedge.

Currently the Group does not have any hedge relationships.

The Group has written put options over the equity of its subsidiary which permit the holder to put their shares in the subsidiary back to the Group at their fair value on a specified date.

The amount that may become payable under a written put option on exercise is initially recognised at the present value of the redemption amount with a corresponding charge directly to equity.

The liability is subsequently adjusted for changes in the estimated performance and increased through finance charges up to the redemption amount that is payable at the date at which the option first becomes exercisable. In the event that the option expires unexercised, the liability is derecognised with a corresponding adjustment to equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Non-current assets held-for-sale

Non-current assets and disposal groups are classified as held-for-sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as such.

2.13 Share capital

Ordinary shares are classified as equity. Shares in the Company held by wholly-owned Group companies are classified as treasury shares and are held at cost.

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

2.14 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.
Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

2.15 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing costs are expensed when incurred, except for borrowing costs directly attributable to the construction or acquisition of qualifying assets. Borrowing costs directly attributable to the construction or acquisition of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

2.16 Leases

The Group leases various buildings, equipment, vehicles and other assets. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option;
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option; and
- Lease payments to be made under reasonably certain extension options.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee’s incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability each period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives;
- Any initial direct costs; and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term of a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Currently, the Group does not have any low-value assets.

To determine the incremental borrowing rate, the Group uses recent third-party financing received by the lessee as a starting point and adjusts the rate to reflect changes in financing conditions since the third-party financing was received. The Group also makes adjustments to the rate relating to the specific lease based on the term, country, currency and security.

Extention and termination options are included in a number of leases across the Group. The majority of the extention and termination options held are exercisable only by the Group and not by the respective lessor. In determining the lease term, all facts and circumstances that create an economic incentive to exercise an extention option, or not to exercise a termination option, are considered.

2.17 Provisions

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

Provisions are determined by discounting the expected future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provision for malpractice claims is made at the year-end for the estimated cost of claims incurred but not settled at the end of each reporting period, including the cost of claims incurred but not yet reported to the Group. The estimated cost of claims includes expenses to be incurred in settling claims. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. The Group does not discount its liabilities for unpaid claims. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Group and statistical analysis for the claims incurred but not reported.

2.18 Current and deferred income tax

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the cantons where the Group and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax liabilities are provided on taxable temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.
Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries and associates only to the extent that it is probable that the temporary differences will reverse in the future and that there is sufficient taxable profit available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.19 Employee benefits

a) Retirement benefit costs

The Group provides defined contribution plans in terms of Swiss law, the assets of which are held in separate trustee administered funds. These plans are funded by payments from the employees and the Group, taking into account recommendations of independent qualified actuaries. Due to the strict definition of defined contribution plans in IAS 19, these plans are classified as defined benefit plans for IFRS purposes since the Group takes some investment and longevity risk in terms of Swiss law.

Defined benefit plans

A defined benefit plan is a plan that is not a defined contribution plan. This plan defines an amount of pension benefit an employee will receive on retirement, dependent on one or more factors such as age, years of service and compensation. The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past service costs are recognised immediately in the income statement. A net pension asset is recorded only to the extent that it does not exceed the present value of any economic benefit available in the form of reductions in future contributions to the plan, and any unrecognised actuarial losses and past service costs. The annual pension costs of the Group’s benefit plans are charged to the income statement.

The net interest costs are calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. These costs are recognised in the social insurance expenses.

b) Employee jubilee benefits

This provision is for benefits granted to employees for long-service. The accrued amount is included in provisions. For more details see note 19.

c) Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses where a contractual obligation for short-term incentives exists or where there is a past practice that has created a constructive obligation. The amounts payable to employees in respect of the short-term incentive schemes are determined based on annual business performance targets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) **Equity-settled share-based compensation**

The Mediclinic Group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the ultimate holding company. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions
- excluding the impact of any service and non-market performance vesting conditions; and
- including the impact of any non-vesting conditions.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions and service conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

e) **Cash-settled share-based compensation**

The Group operates cash-settled share-based compensation plans. The Group recognises the value of the services received (expense), and the liabilities to pay for those services, as the employees render service. The liabilities are measured, initially, and at each reporting date until settled, at the fair value appropriate to the scheme, taking into account the terms and conditions on which the rights were granted, and the extent to which the employees have rendered service to date, excluding the impact of any non-market related vesting conditions. Non-market related vesting conditions are included in the assumptions regarding the number of units expected to vest. These assumptions are revised at the end of each reporting period. All changes to the fair value of the liability are recognised in the income statement.

2.20 Revenue recognition

Revenues are measured at the transaction price which is the amount of consideration that the Group expects to be entitled to in exchange for the services provided.

A performance obligation is a promise to transfer distinct goods or a service to a customer. Hospital services provided to patients are regarded as a bundle of services which comprise accommodation, meals, theatre time, use of equipment, pharmacy stock and nursing services. This is considered to be a single performance obligation as the medical procedures cannot be performed without one of the above elements.

Revenue is recorded during the period in which the hospital service is provided and is based on the amounts due from patients and/or medical funding entities. Fees are calculated and billed based on various tariff agreements with funders.

The cost of treating inpatients with basic health insurance is fixed by the government. The pricing model is based on diagnostic-related groups (“Swiss DRGs”) for inpatients and can be seen as a fixed-fee arrangement. Invoicing occurs when the patient is discharged. Revenue is recognised over the length of stay of the patient. In some cases, the pricing model for DRGs is based on provisional tariffs as delays occur in the agreement of the tariffs between the healthcare providers and the funders. Tariff provisions are recognised in revenue when the pricing model for DRGs is based on provisional tariffs. Provisional tariffs are recognised in revenue to the extent that it is highly probable that it will not be reversed. At the time of revenue recognition, the revenue based on the provisional tariff is billed and claimed from the insurer or the canton. Subsequently, when the tariffs are finalised and payments made, the insurer can claim from the healthcare provider if the tariffs are lower than the provisional tariffs billed. The accounting for the provision results in a reduction of revenue with a corresponding entry to provisions in the statement of financial position. The tariff adjustment cannot be adjusted against accounts receivable due to the fact that the original invoices are settled before the finalisation of the tariffs. Tariff adjustments are therefore classified as provisions and this view is supported by the fact that balances due to funders are not settled on a net basis. The tariff provision is calculated based on historical experience of outcomes to negotiations between healthcare providers and funders. This is regularly reassessed based on the actual outcome of tariff negotiations.

Private and semi-private patients enter into supplementary insurance contracts for costs not covered by basic health insurance. The pricing model is based on fee-for-service principles and the contract with Hirslanden includes technical medical services (such as the nursing and infrastructure). The medical practitioner fees are agreed directly between the insurer and the relevant medical practitioner. The revenue is recognised as the services are rendered over the period of the stay of the patient.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

For inpatient cases open over period end, revenue is accrued for by taking into account the average CMI (Case Mix Indexc) of the respective medical field, the baserate according to the respective category (accident, illness, inner-cantonal, external, self-payer etc.) as well as the pro rata length of stay. The complexity of procedures during the open period plays a role in determining the average CMI.

For outpatient cases, the pricing model is based on TARMED rates. The applicable TARMED rate varies depending on the canton, procedure and patient and is calculated based on tax points for the different outpatient treatments which are multiplied with an individual tax point value. Specific medicaments and other material is added to determine the hospital fee. Invoicing occurs when the patient is discharged directly after treatment and revenue is recognised at the same time.

The Group's hospitals have affiliated doctors which are partners cooperating with Hirslanden on a contractual agreement. The contracts with these affiliated doctors allow them to use the Hirslanden infrastructure, nurses, theatre etc. The doctors are responsible for the treatment of the patient and Hirslanden is responsible for the technical services such as the medical equipment, nursing care etc. Swiss regulatory requirements complies Hirslanden to provide statistics to the government based on all the costs incurred for patient procedures, including doctors' fees. Hirslanden therefore invoices its own technical services together with the doctors' fees to the insurer and subsequently refunds the amount of the doctors' services to the affiliated doctors.

The Group is acting as an agent for those affiliated doctors based on the following considerations:

- The affiliated doctors are responsible for fulfilling the contract of treating the patient. Every affiliated doctor needs its own liabililty insurance for any claim against any human error of the doctor. The hospital is responsible for any process failures at the hospital.
- The Group does not have discretion in establishing prices, this is determined by contracts in place between the doctor and the insurer or the relevant percentage of the total revenue for DRG procedures.
- An administrative cost contribution (a form of commission) is deducted from the doctors' fees before the transfer of these fees to the doctors.
- Credit risk is considered to be insignificant, but if the insurer does not accept an invoice after the amount has been refunded to the doctor, the doctor is contractually obliged to repay the amount to the hospital.

As a result, the refund paid to to the doctor is deducted from revenue and thus revenue is shown on a net basis. For DRG procedures the process is the same, but the refund is calculated using a contractually agreed-upon percentage for doctors' services.

As a result, the refund paid to the doctor is deducted from revenue and thus revenue is shown on a net basis. For DRG procedures the refund is calculated using a contractually agreed-upon percentage for doctors' services and deducted from revenue.

Revenue from other sources is based on fixed fee arrangement and recognised when the control of goods and services is transferred.

The Group does note expect to have any contracts where the period between the transfer of the promised service to the patient and the payment by the patient exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for time value of money.

2.21 Other income

Government grants that compensate the Group for loss of revenue and additional costs incurred during the COVID-19 pandemic are recognised in profit or loss at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants are presented as other income. Refer to note 24 for additional information.

2.22 Consumables and supplies

Consumables and supplies consist of the cost of inventories, including obsolete stock, which have been expensed during the year. Rebates received from suppliers are recognised when all the conditions agreed with the suppliers are met, the amount of cost of supplies can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the entity.

2.23 Foreign currency transactions

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which it operates (the functional currency). The consolidated financial statements are prepared in Swiss Francs (CHF) which is the Company’s functional and presentation currency.

Transactions in foreign currencies are translated to the functional currency at the rates of exchange ruling on the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Dividend distribution

Dividends are recorded in the Group's financial statements in the period in which they are approved by the Company's shareholders.

2.25 Standards, interpretations and amendments

Published standards, amendments and interpretations effective for the 31 March 2021 financial period:

The following published standards, amendments and interpretations are mandatory for the accounting period beginning on or after 1 April 2020 and have been adopted:

- IFRS 3 Definition of a Business amendments (1 January 2020)
- IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform Phase 1 (1 January 2020)
- IAS 1 and IAS 8 Definition of Material amendments (1 January 2020)

The Group has also elected to adopt the following amendments early:

- IFRS 16 Leases - COVID-19-Related Rent Concessions (1 June 2020)

The implementation of these standards and amendments had no material financial impact on the reported results or financial position of the Group.

Published standards, amendments and interpretations not yet effective and not early adopted:

The following new accounting standards, interpretations and amendments will have no material impact on the financial statements:

- IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform Phase 2 (1 January 2021)
- IFRS 4 Insurance Contracts (1 January 2021)
- IFRS 17 Insurance contracts (1 January 2023)
- IAS 16 Property, Plant and Equipment: Proceeds before Intended Use amendments (1 January 2022)
- IAS 37 Onerous Contracts — Cost of Fulfilling a Contract amendments (1 January 2022)
- Annual improvements 2018–2020 cycle – Amendments and clarifications to existing IFRS standards (1 January 2022)
- IAS 1 Classification of Liabilities as Current or Non-current amendments (1 January 2023)

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

Normal business activities of a company exposes it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Group's overall risk management programme seeks to minimise potential adverse effects on the Group's financial performance.

a) Market risk

Currency risk

The Group is not exposed to any currency risk as it has no investments in foreign operations. Furthermore, there is no foreign currency exposure and consequently no forward hedge contracts.

Interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk.

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivative and non-derivative instruments at financial year end and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. If interest rates had been 25 basis points higher / lower and all other variables were held constant, the Group's profit for the year ended 31 March 2021 with a corresponding impact on equity would decrease / increase by TCHF 1'878 / TCHF 1'904 (2020: decrease / increase by TCHF 1'844 / TCHF 545) mainly as a result of higher / lower interest expenses on the floating rate borrowings.

Other price risk

The Group is not exposed to other price risks.

b) Credit risk

Financial assets which potentially subject the Group to concentrations of credit risk consist principally of cash, short-term deposits and trade and other receivables. The Group's cash equivalents and short-term deposits are placed with quality financial institutions with a high credit rating. Trade receivables are represented net of the allowance for the allowance for expected credit losses. Credit risk with respect to trade receivables is very limited as the Group's customers consists mainly of federal authorities (cantons) and insurance companies. In addition the insurance companies are supervised by a federal body and subject to regular credit-worthiness checks (insurance companies are obliged to maintain minimum reserve levels). Therefore, credit-worthiness is high and the risk for non payment low.

The policy for patients that do not have a medical scheme or an insurance company paying for the Group's service, is to require an upfront payment instead. Therefore the Group does not have any significant exposure to any individual customer or counterparty.

The carrying amounts of financial assets included in the statement of financial position represents the Group's exposure to credit risk in relation to these assets. At 31 March 2021 and 31 March 2020, the Group did not consider there to be a significant concentration of credit risk which had not been adequately provided for.

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

c) Liquidity risk

The liquidity risk related to the impact of COVID-19 pandemic has been considered in the directors' evaluation of the going concern assumption. See section 2.1. The Group manages liquidity risk by monitoring cash flow forecasts to ensure that it has sufficient cash to meet operational needs, while maintaining sufficient headroom on its undrawn borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. In the end, the borrowing power of the Group can only be limited by the ultimate holding company. No such limitation currently exists.

	2021	2020
	CHF 000	CHF 000
The Group's unused overdraft facilities are:	**350'000**	350'000

The table has been prepared based on the undiscounted cash flows of financial liabilities based on the required date of repayment. The table includes both interest and principal cash flows. The analysis of derivative financial instruments has been prepared based on undiscounted net cash inflows/(outflows) that settle on a net basis.

Financial liabilities	Carrying value	Contractual cash flows	< 1 year	1-5 years	> 5 years
	CHF 000	CHF 000	CHF 000	CHF 000	CHF 000
31 March 2021					
Interest-bearing borrowings	**2'358'752**	**2'539'581**	94'086	1'335'804	1'109'691
Lease liabilities	**529'760**	**618'166**	41'390	159'031	417'745
Derivative financial instruments	**149'587**	**151'962**	-	151'962	-
Trade and other payables	**246'310**	**246'310**	246'310	-	-
31 March 2020					
Interest-bearing borrowings	2'388'265	2'595'245	189'724	1'197'896	1'207'625
Lease liabilities	500'194	593'992	39'928	151'270	402'794
Derivative financial instruments	120'953	123'846	-	123'846	-
Trade and other payables	270'167	270'167	270'167	-	-

d) Insurance risk

The risk that an insured event occurs and the amount of the resulting claim is uncertain. The risks covered by the Group's insurance policies include property damage and business interruption, malpractice claims, directors' and officers' liability, and commercial crime. The Group manages insurance risk by outsourcing claims handling to service providers who review the claims on a regular basis and by pursuing early settlement of claims to reduce its exposure to unpredictable developments.

3.2 Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 16 and 32.2 cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, retained earnings and other reserves; and non-controlling interest as disclosed in notes 13, 14 and 15 respectively. The Audit and Risk Committee of Mediclinic International plc and the Board of Directors of Hirslanden AG review the going concern status of the Group on a biannual basis.

	2021	2020
	CHF 000	CHF 000
Borrowings - notes 16 and 32.2	2'358'752	2'388'265
Less: cash and cash equivalents	(105'805)	(179'299)
Net debt	**2'252'947**	2'208'966
Total equity	**1'187'411**	1'046'207
Debt-to-equity capital ratio	**1.90**	2.11

Note 36 provides additional disclosures related to financial assets and financial liabilites

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.
This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in the notes as listed below.

4.1 Critical accounting judgements

a) ***Useful lifes of Property, equipment and vehicles***

The estimation of the useful lifes of property, equipment and vehicles is based on historic performance as well as expectations about future use and therefore requires a significant degree of judgement to be applied by management. These depreciation rates represent management's current best estimate of the useful lifes and residual values of the assets.
The Group sets the useful life of its buildings to 100 years and calculates the residual value on current prices considering the age and condition expected at the end of the useful life. The Group would depreciate the difference between the actual carrying amount and the residual value at the end of its useful life based on the calculation and assumption over the useful life.
For a private hospital it is fundamentally important that the earnings potential of a building is maintained on a permanent basis. The Group therefore follows a structured maintenance programme with regards to hospital buildings with the specific goal to prolong the useful lifetime of these buildings.
Climate change is considered in determining the remaining useful lives of assets, such as for hospital buildings and asset replacement cycles. For the year ended 31 March 2021 no significant impacts were identified.

b) ***Determination of cash-generating unit for impairment testing***

Property, equipment and vehicles are considered for impairment if impairment indicators are identified at an individual cash-generating unit (CGU) level. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. The Group defines the CGU level as individual hospitals or on a supply region consisting of several hospitals due to specific circumstances resulting in inter-dependencies between operating units. In the context of the group's strategy, the regional care networks are currently further integrated and processes standardized in order to ensure higher care quality and efficiency. Due to the current level of integration and centralization of operational processes the CGUs were reassessed as per 31 March 2021 and no changes were made accordingly.

4.2 Critical accounting estimates and assumptions

a) ***Impairment of non-current assets excluding goodwill***

The impairment assessment is performed at CGU level and any impairment charge that arises would be allocated to the CGU's goodwill first, followed by other assets (such as property, equipment and vehicles, and other intangible assets).

Refer to note 5 for additional information about the impairment assessment and the sensitivity of non-current non-financial assets excluding goodwill.

b) ***Impairment of goodwill***

The Group tests annually whether goodwill, resulting from acquisitions, has suffered any impairment. The recoverable amounts of CGUs have been determined based on fair-value-less-cost-of-disposal (FVLCOD) calculations. These calculations require the use of estimates in respect of cash flow projections and long-term growth and discount rates, and assume a stable regulatory environment. Regulatory environments are subject to uncertainties that can have an impact on goodwill and the intangible assets' carrying value.

IFRS requires the impairment assessment to be performed at the level at which goodwill is monitored for impairment by management, provided that this level cannot be bigger than an operating segment. Management assesses goodwill at a CGU level. In accordance with IFRS, goodwill shall be allocated to all CGUs, or groups of CGUs, that are expected to benefit from the expected synergies.

Refer to note 6 for additional information about the impairment assessment and the sensitivity analysis.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

c) ***Income taxes***

The Group is subject to income taxes in Switzerland. Judgement is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made, see note 28.

d) ***Retirement benefits***

The cost of defined benefit pension plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty and can have a material impact on the valuations. Details of the key assumptions, together with the sensitivities of the carrying value of the obligations, are disclosed in note 18.

4.3 Regulatory environment

On 1 January 2012 fixed fees for general insured services based on diagnosis-related groups (DRGs) entered into force by law and were implemented. The financing in the DRG system is split between the federal authorities (cantons) and the insurance companies.
As the financing by the federal authorities is secured, hospitals have to be on the planning list of the canton to be eligible for reimbursements of the DRG portion of the cantons. On the other hand, hospitals on the cantonal hospital list have an obligation to treat general insured patients.

All hospitals with the exception of Klinik Im Park (not on the list), the Lausanne hospitals as well as Clinique La Colline (only limited service mandates with a fixed amount of general insured cases) are on the cantonal hospital lists. In some hospitals there are certain exceptions regarding the service mandates (e.g. limitation on highly specialized treatments).

The following uncertainties persist in the new financial year:

- Outmigration of care: federal authorities define specific treatments that are no longer accepted on an inpatient basis but could only be reimbursed on an outpatient tariff
- Tarmed tariff intervention: the Swiss federal government has released a revised Tarmed tariff structure as per 1 January 2020. The risk of a further intervention on the tariff structure is might given, which can cause an negative impact on the revenue.
- Quota on general insured patients: hospitals on the hospital list could be forced by the cantons to accommodate a minimum number of generally insured patients which could have a negative effect on the patient mix (shift towards more generally insured patients)
- Highly specialized medicine developments could impact the future medical mix.

	GROUP 2021 CHF 000	GROUP 2020 CHF 000
5. PROPERTY, EQUIPMENT AND VEHICLES		
Land - cost	**1’082’458**	1’082’458
Cost	1’082’458	1’082’458
Buildings	**2’128’120**	2’153’435
Cost	2’838’818	2’817’445
Accumulated depreciation and impairment	(710’698)	(664’010)
Land and buildings	**3’210’578**	3’235’893
Leasehold improvements	**40’504**	37’896
Cost	88’718	99’838
Transfer cost from/to assets held for sale	9’877	(9’877)
Accumulated depreciation and impairment	(51’924)	(58’232)
Transfer accumulated depreciation from/to assets held for sale	(6’167)	6’167
Equipment	**115’563**	136’279
Cost	625’853	609’826
Transfer cost from/to assets held for sale	1’792	(1’792)
Accumulated depreciation and impairment	(510’653)	(473’184)
Transfer accumulated depreciation from/to assets held for sale	(1’429)	1’429
Furniture and vehicles	**20’790**	21’994
Cost	176’198	171’160
Transfer cost from/to assets held for sale	313	(313)
Accumulated depreciation and impairment	(155’566)	(149’008)
Transfer accumulated depreciation from/to assets held for sale	(155)	155
Right-of-use assets	**521’993**	495’639
Cost	590’834	539’411
Transfer cost from/to assets held for sale	4’970	(4’970)
Accumulated depreciation and impairment	(72’802)	(39’811)
Transfer accumulated depreciation from/to assets held for sale	(1’009)	1’009
Subtotal	**3’909’428**	3’927’701
Capital expenditure in progress	**33’446**	26’008
	3’942’874	3’953’709

5. PROPERTY, EQUIPMENT AND VEHICLES (CONTINUED)

	Land and buildings	Leasehold improvement	Equipment	Furniture and vehicles	Capital expenditure in progress	Right-of-use assets (Note 17)	Total
	CHF 000	CHF 000	CHF 000	CHF 000	CHF 000	CHF 000	CHF 000
Year ended 31 March 2021							
Net opening book value	**3'235'893**	**37'896**	**136'279**	**21'994**	**26'008**	**495'639**	**3'953'709**
Capital expenditure	11'173	4'184	16'112	5'756	25'009	64'043	126'277
Business combinations	-	4	84	-	-	359	447
Prior year capital expenditure completed	10'199	4'493	2'879	-	(17'571)	-	-
Transfer between asset classes	-	-	536	-	-	(536)	-
Disposal of subsidiaries and businesses	-	(3'590)	(344)	(152)	-	(3'788)	(7'874)
Transfer from assets held for sale	-	3'710	363	158	-	3'961	8'192
Disposals	-	(47)	-	(90)	-	(1'280)	(1'417)
Depreciation	(46'687)	(6'146)	(40'346)	(6'876)	-	(36'405)	(136'460)
Net book value	**3'210'578**	**40'504**	**115'563**	**20'790**	**33'446**	**521'993**	**3'942'874**
At 31 March 2021							
Cost	3'921'276	98'595	627'645	176'511	33'446	595'804	5'453'277
Accumulated depreciation and impairment	(710'698)	(58'091)	(512'082)	(155'721)	-	(73'811)	(1'510'403)
Net book value	**3'210'578**	**40'504**	**115'563**	**20'790**	**33'446**	**521'993**	**3'942'874**
Year ended 31 March 2020							
Net opening book value	3'251'716	53'013	182'046	29'010	24'578	-	3'540'363
Effect of initial application of IFRS 16	-	-	(1'552)	-	-	509'901	508'349
Capital expenditure	20'865	6'543	24'967	5'923	14'307	33'165	105'770
Prior year capital expenditure completed	5'645	3'214	3'919	99	(12'877)	-	-
Disposal of subsidiaries	(10'507)	-	-	-	-	-	(10'507)
Transfer to assets held for sale	-	(3'710)	(363)	(158)	-	(3'961)	(8'192)
Disposals	(2'174)	(15)	(61)	(161)	-	(6'861)	(9'272)
Impairment	-	(13'253)	(23'527)	(2'548)	-	-	(39'328)
Impairment reversal	5'458	-	-	-	-	-	5'458
Depreciation	(35'110)	(7'896)	(49'150)	(10'171)	-	(36'605)	(138'932)
Net book value	3'235'893	37'896	136'279	21'994	26'008	495'639	3'953'709
At 31 March 2020							
Cost	3'899'903	89'961	608'034	170'847	26'008	534'441	5'329'194
Accumulated depreciation and impairment	(664'010)	(52'065)	(471'755)	(148'853)	-	(38'802)	(1'375'485)
Net book value	3'235'893	37'896	136'279	21'994	26'008	495'639	3'953'709

The right-of-use assets were recognised during the prior year with the adoption of IFRS 16 Leases. Refer to note 17 for further information on leases.

Included in the depreciation charge on buildings for the year ended 31 March 2021 is accelerated depreciation of TCHF 11'716 relating to the dismantling of two hospital wings in Klinik St. Anna AG.

	GROUP	
	2021	**2020**
	CHF 000	**CHF 000**
5. PROPERTY, EQUIPMENT AND VEHICLES (CONTINUED)		
Capital expenditure		
Capital expenditure excluding expenditure in progress	101’268	91’463
Capital expenditure in buildings under construction	13’186	11’716
Capital expenditure in equipment under construction	11’823	2’591
Total additions	**126’277**	105’770
Profit / (loss) on sale of equipment and vehicles	**(71)**	23
Capitalised borrowing costs (IAS 23) included in capital expenditure	**3**	-
Interest rates used to capitalise borrowing costs	**1.40%**	-

Changes in accounting estimates

In accordance with the accounting policies, land and capital work in progress is not depreciated. Building shells are not depreciated unless the asset's carrying amount is greater than the residual value.

During the year, the board approved an expansion project at Klinik St. Anna. The total investment volume amounts to TCHF 150'000 and provides, among other things, for a new construction of wing A and B. The two existing wings A and B will only be used until March 2023 and afterwards replaced by a new construction. As a consequence, the estimated useful life was reduced to March 2023 and the depreciation of building assets of the two wings A and B needed to be accelerated. For the year ended 31 March 2021, accelerated depreciation of the two existing wings amounts to TCHF 11'716. The accelerated depreciation in FY 2022 and FY 2023 amounts to TCHF 23'432 per year.

Impairment assessment

The Group's CGUs were assessed for impairment at 31 March 2021. The recoverable amounts of the CGUs tested for impairment were based on FVLCOD calculations. In determining the FVLCOD for the CGUs, the cash flows were discounted at rates between 4.9% and 5.2% (2020: 4.8% and 5.1%). Beyond five years a growth rate of 1.6% (2020: 1.6%) was used.

The recoverable amount of all CGUs exceeds its carrying value. In prior year, the carrying value of one CGU was determined to be higher than its recoverable amount and as a result an impairment charge of TCHF 39'329 was recognised in the income statement relating to property, equipment and vehicles

Some CGUs have limited headroom and remain sensitive to reasonably possible changes in key assumptions in the FVLCOD calculations. As a result, any increase in the discount rate or decreases in the short-term cash flow projections or long-term growth rates could give rise to material impairment charges in future periods. The carrying amounts of the property, equipment and vehicle are sensitive to reasonably possible changes in the discount rate and the terminal growth rate. An increase in the discount rate of 0.7% would lead to an impairment charge of approximately TCHF 25'000 (2020: increase of 0.5% would lead to an impairment charge of approximately TCHF 100'000) and a decrease of the terminal growth rate to zero would still result in a positive headroom (2020: decrease of 0.3% would result in an impairment charge of approximately TCHF 10'000). A decrease of 7.0% in the cash flow projections would result in an impairment charge of approximately TCHF 1'000.

Any impairment determined at a CGU level under IAS 36 will include an assessment of the recoverable amount of the Group's owned properties, which are subject to a third-party valuation at least annually. This valuation applies a consistent methodology across key assumptions to determine the rental charges based on appropriate and market-related metrics, which is discounted using a market-related discount rate to determine the value of the properties. Therefore, there is a risk that this valuation could materially change in future periods.

Where applicable, the impacts of climate change and the Group's strategy (such as the purchase of environmental friendly equipment) has been considered in determining cash flow forecasts.

Impairment reversal

During the prior period, Klinik Belair was sold and a reversal of previously recognised impairment charges in respect of properties of TCHF 5'458 was recognised.

6. INTANGIBLE ASSETS

	Software and projects	Trade names	Goodwill	Total
	CHF 000	CHF 000	CHF 000	CHF 000
Year ended 31 March 2021				
Net opening book value	**55’233**	**54’313**	**126’433**	**235’979**
Capital expenditure	18’824	-	-	18’824
Business combinations	-	-	3’044	3’044
Disposal of subsidiaries and businesses	(49)	-	-	(49)
Transfer from assets held for sale	62	-	-	62
Amortisation	(16’150)	(2’334)	-	(18’484)
Net book value	**57’920**	**51’979**	**129’477**	**239’376**
At 31 March 2021				
Cost	148’930	478’354	529’616	1’156’900
Accumulated amortisation and impairment	(91’010)	(426’375)	(400’139)	(917’524)
Net book value	**57’920**	**51’979**	**129’477**	**239’376**
Year ended 31 March 2020				
Net opening book value	49’732	56’647	126’433	232’812
Capital expenditure	21’896	-	-	21’896
Transfer to assets held for sale	(62)	-	-	(62)
Diposals	(5)	-	-	(5)
Amortisation	(16’328)	(2’334)	-	(18’662)
Net book value	55’233	54’313	126’433	235’979
At 31 March 2020				
Cost	130’106	478’354	526’572	1’135’032
Accumulated amortisation and impairment	(74’873)	(424’041)	(400’139)	(899’053)
Net book value	55’233	54’313	126’433	235’979

The additions of property, equipment and vehicles and intangible assets during the year consist of:

	2021	2020
	CHF 000	CHF 000
Additions to maintain operations	38’438	43’470
Additions to expand operations	42’620	51’031
Additions of right-of-use assets	64’043	33’165
	145’101	127’666

6. INTANGIBLE ASSETS (CONTINUED)

Impairment testing of significant goodwill balances

The Group tests goodwill for impairment on an annual basis or more frequently if there are indications that these assets may be impaired. The annual impairment assessment is performed at year-end when the annual financial planning process is finalised. The Group's impairment assessment compares the carrying value of the group of CGUs with its recoverable amount. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The Group defines CGUs for goodwill impairment assessment purposes as combined inter-dependent hospitals and/or clinics or as individual hospitals depending on the geographical location or the degree of integration.

The recoverable amount of a group of CGUs is determined by its FVLCOD, regarded as the more appropriate reflection of the value of the business, which is derived from discounted cash flow calculations.

The goodwill with a carrying amount of TCHF 129'477 (2020: TCHF 126'433) that originated from the business combination of Hirslanden OPERA Zumikon AG in the current year and Clinique des Grangettes in financial year 2019 has been tested for impairment.

The key inputs to its calculations are described below.

Forecasts

As part of the annual financial planning process, the Group's operating divisions are required to submit budgets for the next financial year and forecasts for the following four years, which are approved by the Board. Future earnings in the FVLCOD calculation are based on these budgets and forecasts that are calculated on a per hospital basis and consider both internal and external market information. These budgets and forecasts represent management's best view of future revenues and cash flows. Where applicable, the impacts of climate change and the Group's strategy (such as the purchase of environmental friendly equipment) has been considered in determining cash flow forecasts.

Growth rates

Growth rates are determined from budgeted and forecasted revenue for the first five years. Terminal growth rates are determined based on the forecast market growth rates and considers long term inflation. A challenging regulatory and tariff environment is assumed, despite the fact that there are some regulatory uncertainties, for further details refer to note 4.3. Growth rates have been benchmarked against external data for the relevant markets.

The terminal growth rate beyond five years are extrapolated using a 1.6% (2020: 1.6%) growth rate. The Group uses a RONIC model with a RONIC spread of 33.33% resulting in a RONIC discount rate of 6.8% (2020: 6.7%).
RONIC is a calculation used to determine the expected rate of return for deploying new capital. The calculation specifically measures the returns generated when a company converts its capital into spending to create new value from core operations.

Discount rates

The weighted average cost of capital ('WACC') was determined by considering the respective debt and equity costs and ratios. The discount rate is based on the risk-free rate for government bonds adjusted for a risk premium to reflect the increased risk of investing in equities. Discount rates are lower for the divisions which operate in more mature markets with low inflation and higher for those operating in markets with a higher inflation. Discount rates reflect the time value and the risks associated with the segmental or divisional cash flows. The assumptions used in the calculation of the discount rate are benchmarked to externally available data. The discount rate applied to cash flow projections is 5.1% (2020: 5.0%).

Sensitivity analysis

For the goodwill, recoverable amount calculated based on fair value less cost of disposal exceeded the carrying value by approximately TCHF 490'000 (2020: 270'000). The Group considers a reasonably possible change in estimate to be an increase in the discount rate by 0.5% to 5.5% and a decrease in the terminal growth rate from 1.6% to 1.3%. These changes would not result in an impairment. While a decrease in terminal growth rate to zero would still result in a positive headroom of approximately TCHF 370'000 (2020: 160'000), a rise in discount rate by 3.20% (2020: 1.60%) would remove the headroom. Furthermore, a fall in growth rate by 1.6% to zero combined with a rise in discount rate by 2.72% would also remove the headroom.

GROUP

	2021 CHF 000	2020 CHF 000
7. EQUITY ACCOUNTED INVESTMENTS		
	3'237	2'111
Investment in associates	3'137	2'061
Investment in joint venture	100	50
Investment in associates and joint venture - unlisted		
Carrying value of investments in associates' and joint venture's equity	**3'237**	2'096
Opening balance	2'096	2'111
Additional amounts invested	1'031	40
Distribution received	(47)	(47)
Result from associates	157	(8)
Total revenue of the associates and the joint venture	**28'485**	28'140
Total profit / (loss) of the associates and the joint venture	**(226)**	75
The Group's share of (loss) / profit	**157**	(8)
The Group's share of total comprehensive income / (loss)	**157**	(8)

During the current year, the Group invested in hystrix medical AG, a leading medical goods e-commerce marketplace in Switzerland. In addition, the Geneva University Hospitals (HUG) and the Group have decided to form a public-private partnership to create an outpatient surgery unit. The two partners are equal shareholders of the newly founded joint venture. These investments are classified as equity accounted investment.

The aggregate information of the associates and joint venture are not material individually.
All included financial information of the associates have a closing date as of 31 December. However, the impact of the different year end date is immaterial.

Further information about transactions with associates and joint venture are disclosed in note 32. Note 37 provides more details about the investments.

	2021 CHF 000	2020 CHF 000
8. OTHER INVESTMENTS AND LOANS		
Debt instruments at amortised cost	5'979	3'662
Equity instruments at fair value through profit and loss (unlisted shares)	580	615
Equity instruments at fair value through profit and loss (listed shares)	943	636
Total other investments and loans	**7'502**	4'913

Debt instruments at amortised cost include loans receivable from doctors and other third parties.

Loans receivable inherently exposes the company to credit risk, being the risk that the company will incur financial loss if counterparties fail to make payments as they fall due. Loans receivable are subject to the impairment provisions of IFRS 9 Financial Instruments, which requires a loss allowance to be recognised for all exposures to credit risk. The loss allowance for loans receivable is calculated based on twelve month expected losses if the credit risk has not increased significantly since initial recognition. In cases where the credit risk has increased significantly since initial recognition, the loss allowance is calculated based on lifetime expected credit losses. The loss allowance is updated to either twelve month or lifetime expected credit losses at each reporting date based on changes in the credit risk since initial recognition. If a loan is considered to have a low credit risk at the reporting date, then it is assumed that the credit risk has not increased significantly since initial recognition. On the other hand, if a loan is in arrears more than 90 days, then it is assumed that there has been a significant increase in credit risk since initial recognition. No credit losses were recognised on the loans receivable (2020: nil).

The fair value of the listed equity instruments is determined by reference to published price quotations in an active market (classified as level 1 in the fair value hierarchy).

Further information about financial instruments are disclosed in note 36.

	GROUP	
	2021	**2020**
	CHF 000	**CHF 000**
9. DEFERRED TAXATION		
The movement on the deferred taxation account is as follows:		
Opening balance	**492’690**	529’296
Business combinations	**(138)**	-
Deferred income tax assets	(143)	-
Property, equipment and vehicles	*(21)*	-
Long-term liabilities	*(122)*	-
Deferred income tax liabilities	5	-
Current assets	*5*	-
Disposal of subsidiaries and businesses	**158**	(629)
Deferred income tax assets	170	319
Property, equipment and vehicles	170	177
Loss carry forward	-	142
Deferred income tax liabilities	(12)	(948)
Property, equipment and vehicles	-	(908)
Other investments	(12)	-
Current assets	-	(40)
Transferred deferred tax assets to/from assets held for sale	(171)	171
Transferred deferred tax liabilities to/from liabilities held for sale	12	(12)
Income statement credit for the year	**(2’333)**	(37’442)
Charged to other comprehensive income	**33’696**	1’306
Balance at the end of the year	**523’914**	492’690

The deferred taxes relating to current assets and current liabilities contain temporary differences that are most likely to realise in the next twelve months. The deferred tax balance comprises temporary differences arising in separate legal entities. Offsetting has been applied when there is a legally enforceable right to offset and when the deferred income tax relates to the same fiscal authority, i.e. on a legal entity basis.

9. DEFERRED TAXATION (CONTINUED)

The table below shows the deferred tax balances and movements in the various categories before offsetting was applied:

Deferred tax liabilities	Tangible assets CHF 000	Intangible assets CHF 000	Financial assets CHF 000	Current assets CHF 000	Provisions and others CHF 000	Total CHF 000
At 1 April 2020	**470'533**	**16'127**	**46**	**8'972**	**20'378**	**516'056**
Charged/(credited) to income statement	(4'157)	(350)	857	1'277	953	**(1'420)**
Business combinations			(122)	5		**(117)**
Charged/(credited) to other comprehensive income	-	-	24'950	-	-	**24'950**
Disposal of subsidiaries and businesses	-	-	(12)	-	-	**(12)**
Transferred deferred tax liabilities from liabilities held for sale	-	-	12	-	-	**12**
At 31 March 2021	**466'376**	**15'777**	**25'731**	**10'254**	**21'331**	**539'469**
At 1 April 2019	495'472	22'837	97	6'583	25'756	550'745
Charged/(credited) to income statement	(24'031)	(6'710)	(39)	2'429	(5'378)	(33'729)
Disposal of subsidiaries	(908)	-	-	(40)	-	(948)
Transferred deferred tax liabilities to liabilities held for sale	-	-	(12)	-	-	(12)
At 31 March 2020	470'533	16'127	46	8'972	20'378	516'056

	2021 CHF 000	2020 CHF 000
Gross deferred tax liabilities at the end of the year	**539'469**	516'056
Set-off of deferred tax liabilities pursuant to set-off provisions	3'773	17'944
Net deferred tax liabilities at the end of the year	**535'696**	498'112

The credit to the income statement of TCHF 4'157 in the current financial year on the tangible assets is mainly driven by the changes in income tax rates, see note 28.

The charge to other comprehensive income of TCHF 24'950 relates to the retirement benefit asset.

9. DEFERRED TAXATION (CONTINUED)

Deferred tax assets	Tangible assets CHF 000	Long-term liabilities CHF 000	Loss carry forward CHF 000	Total CHF 000
At 1 April 2020	**(4'895)**	**(15'590)**	**(2'882)**	**(23'367)**
Charged/(credited) to income statement	676	433	(2'021)	**(912)**
Charged/(credited) to other comprehensive income	-	8'746	-	**8'746**
Business combinations	(21)	-	-	**(21)**
Disposal of subsidiaries and businesses	170	-	-	**170**
Transferred deferred tax liabilities from liabilities held for sale	(171)	-	-	**(171)**
At 31 March 2021	**(4'241)**	**(6'411)**	**(4'903)**	**(15'555)**
At 1 April 2019	(579)	(16'140)	(4'730)	(21'449)
Charged/(credited) to income statement	(4'664)	(756)	1'706	(3'714)
Charged/(credited) to other comprehensive income	-	1'306	-	1'306
Disposal of subsidiaries	177	-	142	319
Transferred deferred tax assets to assets held for sale	171	-	-	171
At 31 March 2020	(4'895)	(15'590)	(2'882)	(23'367)

	2021 CHF 000	2020 CHF 000
Gross deferred tax assets at the end of the year	**(15'555)**	(23'367)
Set-off of deferred tax assets pursuant to set-off provisions	3'773	17'944
Net deferred tax assets at the end of the year	**(11'782)**	(5'423)

Deferred income tax assets are recognised to the extent that the realisation of the related tax benefit through future taxable profits is probable.

At 31 March 2021, the Group had unutilised tax losses of approximately TCHF 30'932 (2020: TCHF 17'408) potentially available for offset against future profits. A deferred tax asset of TCHF 4'903 (2020: TCHF 2'882) has been recognised in respect of gross losses based on expected profitability from approved budgets and business plans. No deferred tax asset has been recognised in respect of the remaining gross losses due to the uncertainty and availability of future profit streams in the relevant jurisdictions. The financial projections used in assessing the future profitability are consistent with those used in assessing the impairment test as set out in note 5 and 6.

The charge to other comprehensive income of TCHF 5'574 relates to the retirement benefit liability. The deferred tax assets on the retirement benefit liability as per 31 March 2020 was partially reversed (TCHF 3'172) and offset against the deferred tax liability.

The credit to the income statement of TCHF 4'664 on tangible assets in the previous year is a result of the impairment of leasehold improvement, equipment, furnitures and vehicles, see note 5.

The rate of utilisation of these losses will occur at different rates due to the incidence and timing of profits within these entities which consequently impacts their recognition as deferred tax assets. Tax losses expire after 7 years.

	GROUP	
	2021	2020
	CHF 000	CHF 000
9. DEFERRED TAXATION (CONTINUED)		
Tax losses which have not been recognized as deferred tax assets		
expiry in 1 year	**4'589**	1'526
expiry in 2 years	**611**	2'952
expiry in 3 to 7 years	**67'278**	42'110

There are normally no income tax consequences for the Group of paying dividends from subsidiaries to the parent Hirslanden AG.

	2021	2020
10. INVENTORIES		
Inventories consist of:		
Pharmaceutical products	74'511	66'173
Consumables	217	47
	74'728	66'124

The cost of inventories recognised as an expense and included in consumables and supplies amounted to TCHF 384'230 (2020: TCHF 367'775). Write-downs of inventories to net realisable value amounted to TCHF 2'885 (2020: TCHF 1'698). These were recognised as an expense during the year and included in consumables and supplies in the income statement.

	2021	2020
11. TRADE AND OTHER RECEIVABLES		
Financial instruments		
Trade receivables*	541'516	486'025
Loss allowance	(14'256)	(10'302)
	527'260	475'723
Other receivables	59'796	54'214
	587'056	529'937
Non-financial instruments		
Other receivables - personnel and social insurances	157	123
Other receivables - tax	43	29
Prepayments	48'537	35'660
	48'737	35'812
Total trade and other receivables	**635'793**	565'749

* Unbilled services previously presented as other receivables have been reclassified to trade receivables due to it having similar characteristics.

Trade and other receivables are categorised as debt instruments at amortised cost.

11. TRADE AND OTHER RECEIVABLES (CONTINUED)

The Group applies the simplified approach for providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The loss allowance is determined as follows:

	not due	1 - 30 days past due	31 - 60 days past due	61 - 90 days past due	> 90 days past due	Total
	CHF 000	CHF 000	CHF 000	CHF 000	CHF 000	CHF 000
At 31 March 2021						
Gross carrying amount	370’249	22’180	22’258	15’398	111’431	**541’516**
Loss allowance	(229)	(255)	(567)	(438)	(12’767)	**(14’256)**
Net carrying amount	**370’020**	**21’925**	**21’691**	**14’960**	**98’664**	**527’260**
Expected loss rate	**-0.1%**	**-1.1%**	**-2.5%**	**-2.8%**	**-11.5%**	**-2.6%**
At 31 March 2020						
Gross carrying amount	347’089	15’785	15’331	12’303	95’517	486’025
Loss allowance	(176)	(66)	(169)	(326)	(9’565)	(10’302)
Net carrying amount	346’913	15’719	15’162	11’977	85’952	475’723
Expected loss rate	-0.1%	-0.4%	-1.1%	-2.6%	-10.0%	-2.9%

The loss allowance for credit-impaired trade receivables as at 31 March reconciles to the opening loss allowances as follows:

	2021	2020
	CHF 000	CHF 000
Movement in the loss allowance		
Opening balance	(10’302)	(9’537)
Business combination	(9)	-
Disposal of subsidiaries	-	12
Loss allowance	(5’140)	(2’150)
Amounts written off as uncollectible	214	708
Unused amounts reversed	981	665
Balance at the end of the year	**(14’256)**	**(10’302)**

A loss allowance is recognised for all receivables, in accordance with IFRS 9 Financial Instruments, and is monitored at the end of each reporting period. In addition to the loss allowance, receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation. Receivables which have been written off are not subject to enforcement activities.

The credit risk of the trade receivables that are neither past due or impaired is limited since most of the performing trade receivables are from insurance companies or federal and cantonal authorities, see note 3.1(b).

Other receivables are considered to have low credit risk, and the loss allowance provision recognised during the period was therefore limited to 12 months’ expected credit losses. Other receivables are considered to be low credit risk where they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term. The expected credit losses for other receivables are insignificant.

Management considers the credit quality of the trade receivables, that have not been credit impaired, to be high in light of the nature of these trade receivables as described in note 3.1(b).

	GROUP	
	2021	**2020**
	CHF 000	**CHF 000**
12. CASH AND CASH EQUIVALENTS		
Cash on hand	447	475
Cash at post	2'447	7'960
Cash at banks	102'911	170'864
Total cash and cash equivalents	**105'805**	179'299
13. SHARE CAPITAL AND SHARE PREMIUM		
Authorised and issued share capital of CHF 1 per share (fully paid in)	551'882	551'882
Share premium	924'402	950'140
Total share capital and share premium	**1'476'284**	1'502'022
14. RETAINED EARNINGS		
Opening balance	(382'999)	(420'229)
Profit for the year	9'378	56'361
Other transactions	2'654	(458)
Actuarial gain / (loss) - note 18 and note 29	149'486	(18'673)
Balance at the end of the year	**(221'481)**	(382'999)

	GROUP	
	2021	2020
	CHF 000	CHF 000
15. NON-CONTROLLING INTERESTS		
Opening balance	40'661	38'716
Transactions with non-controlling shareholders	501	86
Dividends to non-controlling shareholders	(6'080)	(8'400)
Share of profit	6'984	9'702
Share of other comprehensive income, net of tax	4'019	557
Balance at the end of the year	**46'085**	40'661

Details of non-wholly-owned subsidiaries that have material non-controlling interests ("NCI"):

Hirslanden La Colline Grangettes SA, Chêne-Bougeries, Geneva

As part of the acquisition of the Grangettes group in 2019, Hirslanden La Colline Grangettes SA was formed to effect the business combination but has no economic substance. The group holds directly 60% stake in Hirslanden La Colline Grangettes SA. Through a contribution in kind of the Grangettes group (Grangettes Healthcare SA and its subsidiaries) and Hirslanden Clinique La Colline SA into the newly formed entity, the group holds indirectly 60% of their equity.

Ownership interest held by NCI	**40.0%**	40.0%
Accumulated non-controlling interests in statement of financial position	**47'211**	41'176
Profit allocated to non-controlling interests	**7'485**	9'566
Other comprehensive income allocated to non-controlling interests	**4'019**	557

Summarised financial information in respect of the Group's subsidiary that has material NCIs is set out below. The summarised financial information below represents amounts before inter-group eliminations.

	2021	2020
	CHF 000	CHF 000
Non-current assets	438'160	424'395
Current assets	100'963	86'958
Total assets	**539'123**	511'353
Non-current liabilities	240'183	249'060
Current liabilities	66'221	45'412
Total liabilities	**306'404**	294'472
Revenue	193'385	177'212
Profit for the year	18'683	23'909
Other comprehensive income	10'047	1'393
Total comprehensive income	**28'730**	25'302
Net cash inflow from operating activities	27'504	30'866
Net cash outflow from investing activities	(5'837)	(3'806)
Net cash outflow from financing activities	(41'463)	(33'616)
Net cash outflow	**(19'796)**	(6'556)

Transactions with non-controlling shareholders

Effective on 1 July 2020, the Group sold, as part of the cooperation with Medbase (see note 34), 25% of the shares of IMRAD SA to Medbase for a consideration of TCHF 3'155. The transaction was accounted for as an equity transaction with non-controlling shareholder and increased the Group's retained earnings by TCHF 2'654.

GROUP

	2021 CHF 000	2020 CHF 000
16. BORROWINGS		
	1'595'964	1'647'963
Bank loans	1'360'964	1'412'963
Listed bonds	235'000	235'000
Non-current borrowings	1'544'964	1'501'963
Current borrowings	51'000	146'000
Total Borrowings	**1'595'964**	1'647'963

	2021 non-current CHF 000	2021 current CHF 000	2020 non-current CHF 000	2020 current CHF 000
Secured bank loan one[1] Facility A: This loan bears interest at variable rates linked to the 3M LIBOR plus 1.25%. With reference to the Facility agreement, there will be a change in the calculation of the variable interest rate from LIBOR to Saron. Every year on 30 September, an amount of TCHF 50'000 must be redeemed. The repayment in September 2021 occurs on a voluntary base, but management plans to repay the amount of TCHF 50'000 anyway. The remaining balances are repayable by 30 September 2026. The non-current portion includes capitalised financing costs of TCHF 16'536 (2020: TCHF 15'537).	1'283'464	50'000	1'384'463	-
Secured bank loan two[2] These loans were acquired as part of the Linde acquisition and bear interest at a fixed rate of 1.12%. TCHF 500 is repayable on 30 June and 31 December every year. The remaining balances are repayable during May 2023.	16'500	1'000	17'500	1'000
Secured bank loan three[2] This fixed interest mortgage loan was acquired as part of the Linde acquisition and bears interest at 0.9% compounded quarterly. The loan is repayable by December 2023.	10'000	-	10'000	-
Listed bonds The listed bonds consist of TCHF 90'000 2.000% and TCHF 145'000 1.250% Swiss franc bonds. The bonds are repayable on 25 February 2025 and 25 February 2026 respectively. In February 2021, one of the existing bonds was repaid (TCHF 145'000 at 1.625%) and a new bond in the amount of TCHF 145'000 at 1.250% was issued.	235'000	-	90'000	145'000
Total Borrowings	**1'544'964**	**51'000**	1'501'963	146'000

[1] These loans are secured by mortgage notes on properties and buildings to the value of TCHF 3'095'820 (2020: TCHF 3'095'820) and bank accounts with a book value of TCHF 105'358 (2020: TCHF 178'824).

[2] These loans are secured by mortgage notes on the properties and buildings of clinic Linde.

	GROUP	
	2021	2020
	CHF 000	CHF 000
17. LEASE		
Amounts recognised in the statement of financial position		
Right-of-use assets		
Land	76'788	78'242
Buildings	440'473	413'686
Equipment	4'681	3'642
Vehicles	51	69
	521'993	495'639
Lease liabilities		
Non-current lease liabilities	487'658	460'202
Current lease liabilities	42'102	39'992
	529'760	500'194
Amounts recognised in the income statement		
Depreciation charge of right-of-use assets		
Land	1'904	1'897
Buildings	33'330	33'589
Equipment	1'153	1'110
Vehicles	18	9
	36'405	36'605
Interest expense (included in finance cost)	**7'662**	7'644
Expense relating to short-term leases and leases of low-value assets	**4'877**	5'508
The total cash outflow for leases was	**(41'390)**	(42'063)

18. RETIREMENT BENEFIT OBLIGATIONS

Defined benefit pension plans of the Group:
- Pensionskasse Hirslanden
- Vorsorgestiftung VSAO
- Hirslanden Clinique La Colline SA; Pension fund at banque cantonal vaudois
- Hirslanden Klinik Linde AG; Pension fund at foundation Gemini
- Clinique des Grangettes SA; Pension fund at Fondation de prévoyance du personnel de la Clinique des Grangettes SA
- Hirslanden OPERA Zumikon AG; Pension fund at Swiss Life AG

At 31 March 2021, Pensionskasse Hirslanden is in surplus due to the positive asset return during the current year. As the six pension plans of the Group operate independently from each other, the recognition and presentation of the amounts in the statement of financial position is on a gross basis at 31 March 2021.

	2021 CHF 000	2020 CHF 000
Statement of financial position		
Amounts recognised in the statement of financial position are as follows:		
Pensionskasse Hirslanden		
Defined benefit obligation (DBO)	1’313’437	1’258’472
Fair value of plan assets	(1’456’109)	(1’240’849)
Net pension assets	**(142’672)**	17’623
All other pension plans		
Defined benefit obligation (DBO)	326’407	323’357
Fair value of plan assets	(290’993)	(256’440)
Net pension obligations	**35’414**	66’917
Net pension assets (all pension plans)	**(142’672)**	-
Net pension obligations (all pension plans)	**35’414**	84’540
The movement in the defined benefit obligation over the year is as follows:		
Pensionskasse Hirslanden		
Opening balance	1’258’472	1’261’067
Employer current service cost	35’838	39’951
Interest cost on DBO	5’474	5’485
Employee contributions	37’002	36’105
Benefits paid from plan assets	(40’240)	(57’017)
Actuarial (gain) / loss - experience	23’538	(49)
Actuarial (gain) / loss - change in demographical assumption	(58’671)	(22’811)
Actuarial (gain) / loss - change in financial assumption	49’200	(4’259)
Business combinations	2’824	-
Balance at the end of the year	**1’313’437**	1’258’472

	GROUP	
	2021	2020
	CHF 000	CHF 000
18. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)		
All other pension plans		
Opening balance	323'357	318'440
Employer current service cost	9'281	9'375
Interest cost on DBO	1'407	1'388
Employee contributions	9'717	9'922
Benefits paid from plan assets	(14'782)	(15'851)
Actuarial (gain) / loss - experience	6'674	7'145
Actuarial (gain) / loss - change in demographical assumption	(23'227)	(4'709)
Actuarial (gain) / loss - change in financial assumption	14'538	(1'750)
Plan change / Past service income	(558)	(603)
Balance at the end of the year	**326'407**	323'357
The movement of the fair value of plan assets over the year is as follows:		
Pensionskasse Hirslanden		
Opening balance	(1'240'849)	(1'258'143)
Employer contributions	(41'610)	(40'900)
Plan participants contributions	(37'002)	(36'105)
Benefits paid from fund	40'240	57'017
Interest income on plan assets	(5'541)	(5'622)
Return on plan assets (greater) / lower than discount rate	(170'304)	41'776
Business combinations	(2'150)	-
Administration cost paid	1'107	1'128
Balance at the end of the year	**(1'456'109)**	(1'240'849)
All other pension plans		
Opening balance	(256'440)	(253'120)
Employer contributions	(9'837)	(9'848)
Plan participants contributions	(9'717)	(9'922)
Benefits paid from fund	14'782	15'851
Interest income on plan assets	(1'143)	(1'133)
Return on plan assets (greater) / lower than discount rate	(28'949)	1'467
Administration cost paid	311	265
Balance at the end of the year	**(290'993)**	(256'440)
Net pension (assets) / obligations reconciliation		
Pensionskasse Hirslanden		
Opening net liability	17'623	2'924
Expense as above	36'878	40'942
Contributions paid by employer	(41'610)	(40'900)
Actuarial (gain) / loss recognised in OCI	(156'237)	14'657
Business combinations	674	-
Closing net pension assets	**(142'672)**	17'623
All other pension plans		
Opening net liability	66'917	65'320
Expense as above	9'298	9'292
Contributions paid by employer	(9'837)	(9'848)
Actuarial (gain) / loss recognised in OCI	(30'964)	2'153
Closing net pension obligations	**35'414**	66'917

	GROUP	
	2021	**2020**
	CHF 000	**CHF 000**
18. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)		
Income statement (all pension plans)		
Amounts recognised in the income statement are as follows:		
Current service cost	45’119	49’326
Past service income	(558)	(603)
Interest cost on DBO	6’881	6’873
Interest income on plan assets	(6’684)	(6’755)
Administrative costs paid	1’418	1’393
Total expense	**46’176**	50’234
Statement of other comprehensive income (all pension plans)		
Amounts recognised in other comprehensive income are as follows		
Actuarial gain / (loss) due to liability experience	(30’212)	(7’096)
Actuarial gain / (loss) due to liability assumption changes	18’160	33’529
Return on plan assets greater than discount rate	199’253	(43’243)
Total of comprehensive income	**187’201**	(16’810)
Actual return on plan assets	**(205’937)**	(36’488)
Principal actuarial assumptions on statement of financial position (all pension plans)		
Discount rate	0.20%	0.45%
Future salary increases	1.50%	1.50%
Future pension increases	0.00%	0.00%
Inflation rate	1.00%	1.00%
Interest crediting rate	1.00%	0.45%
Number of plan members		
Pensionskasse Hirslanden		
Active members	8’296	7’975
Pensioners	1’047	958
	9’343	8’933
All other pension plans		
Active members	1’779	1’735
Pensioners	124	105
	1’903	1’840
Experience adjustment (all pension plans)		
On plan liabilities: (gain) / loss	**30’212**	7’096
On plan assets: (gain) / loss	**(199’253)**	43’243

18. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

As at the last valuation date, the present value of the defined benefit obligation included TCHF 1'249'642 (2020: TCHF 1'232'337) relating to active employees and TCHF 390'202 (2020: TCHF 349'492) relating to members in retirement.

Asset allocation in CHF (all pension plans)

Plan assets are comprised as follows:

		2021		2020
Quoted	**in TCHF**	**%**	**in TCHF**	**%**
Fixed income investments	567’808	32.50	515’667	34.44
Equity investments	544’048	31.14	377’616	25.22
Real estate	26’556	1.52	24’705	1.65
Other	141’515	8.10	140’745	9.40
Total	**1’279’927**	**73.26**	1’058’733	70.71
Non-quoted				
Fixed income investments	36’515	2.09	35’936	2.40
Equity investments	699	0.04	0	0.00
Real estate	308’014	17.63	298’110	19.91
Other	121’947	6.98	104’510	6.98
Total	**467’175**	**26.74**	438’556	29.29

Sensitivity analysis 31 March 2021

Pensionskasse Hirslanden

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

			Impact on defined benefit obligation	
	Base assumption	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.20%	0.25%	-2.75%	2.89%
Salary growth rate	1.50%	0.50%	0.76%	-0.71%
Pension growth rate	0.00%	0.25%	1.99%	-
	Base assumption	Change in assumption	Increase by 1 year in assumption	Decrease by 1 year in assumption
Mortality	BVG 2020 with CMI improvements	1 year in expected lifetime of plan participants	2.08%	-2.07%

18. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

Sensitivity analysis 31 March 2021 (continued)

All other pension plans

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

			Impact on defined benefit obligation	
	Base assumption	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.20%	0.25%	-2.86%	3.00%
Salary growth rate	1.50%	0.50%	0.52%	-0.49%
Pension growth rate	0.00%	0.25%	1.86%	-
	Base assumption	Change in assumption	Increase by 1 year in assumption	Decrease by 1 year in assumption
Mortality	BVG 2020 with CMI improvements	1 year in expected lifetime of plan participants	1.76%	-1.74%

Sensitivity analysis 31 March 2020

All pension plans

			Impact on defined benefit obligation	
	Base assumption	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.45%	0.25%	-2.70%	2.70%
Salary growth rate	1.50%	0.50%	0.90%	-0.80%
Pension growth rate	0.00%	0.25%	2.20%	-
	Base assumption	Change in assumption	Increase by 1 year in assumption	Decrease by 1 year in assumption
Life expectancy for a 65-year-old male (mortality)	21.77 years	1 year in expected lifetime of plan participants	2.10%	-2.10%
Life expectancy for a 65-year-old female (mortality)	23.68 years	1 year in expected lifetime of plan participants	2.10%	-2.10%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credited method at the end of the reporting period) has been applied as when calculating the pension liabilities recognised within the statement of financial position.

18. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

Expected employer contributions to be paid to the pension plans for the year ended 31 March 2022 are TCHF 43'347 (FY 2020: TCHF 43'025) and it is anticipated that these contributions will remain at a similar level in the foreseeable future, subject to change in financial conditions.

The weighted average duration of the defined benefit obligation is 11.5 years (2020: 13.5 years). The maturity profile of the defined benefit obligation is as follows

	</= 1 year CHF 000	1-5 years CHF 000	> 5 years CHF 000	Total CHF 000
At 31 March 2021				
Defined benefit obligation	154’577	422’641	1’102’190	**1’679’408**
At 31 March 2020				
Defined benefit obligation	110’833	331’599	1’245’668	1’688’100

Risk exposure
Through its defined benefit pension plans, the Group is exposed to a number of risks, the most significant of which are detailed below:
Asset volatility : The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit.
Changes in bond yields: A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans’ bond holdings.
Inflation risks: The pension obligations are linked to salary and pension inflation, and higher inflation will lead to higher liabilities. The majority of the plan’s assets are either unaffected by (fixed interest bonds) or loosely correlated with (equities) inflation, meaning that an increase in inflation will also increase the deficit.
Life expectancy: The majority of the plans’ obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans’ liabilities.

Additional information on defined benefit pension plans

Retirement benefit plans
The pension plans also cover all employees for risk benefits (death and disability). Cover for retirement benefit begins on 1 January following the 24th birthday. The retirement pension for the cash balance plans is based on the level of the retirement credits, the interest rate to be credited and the conversion rate applied at retirement age. Risk benefits are related to insured salary.

Pension plans results
The consolidated actuarial gain/(loss) consists of the gain/(loss) due to the demographic experience, demographic and economic assumption changes, as well as an investment return different from assumed during the prior period. As of 31 March 2021, there was a loss due to the demographic experience of TCHF 30'212 (2020: loss of TCHF 7'096) and a loss due to the change of the economic assumptions of TCHF 63'738 (2020: gain of TCHF 6'009). There was a gain due to change in the demographic assumptions of TCHF 81'898 (2020: TCHF 27'520). Additionally, there was a gain due to investment return different from the return implied by the discount rate of TCHF 199'253 (2020: loss of TCHF 43'243).
On 1 April 2020 Hirslanden OPERA Zumikon AG was acquired by the Group. The opening balance sheet position is shown in the "Business combinations" line of the exhibits. The Röntgeninstitut Hirslanden was fully integrated into the Hirslanden Main plan and VSAO as per 1 January 2020.
Gemini has further reduced conversion rates for Klinik Linde to 5.40% for males aged 65 and to 5.58% for females aged 65, effective per 1 January 2024. This is valued as a plan change and leads to a TCHF 558 prior service credit recognized in the 2021 consolidated income statement. In prior year, the BCV Foundation, to which Hirslanden Clinique La Colline SA is affiliated, reduced conversion rates from 6.0% to 5.75% trending down from 2021 to 2025. This is valued as a plan change and leads to TCHF 603 prior service credit recognized in the 2020 consolidated income statement.

18. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

The following assumptions have changed since the previous valuation

- The discount rate used to value plan obligations has changed from 0.45% to 0.20%
- The interest credit rate on total account balance has changed from 0.45% to 1.00%
- The interest credit rate on the BVG shadow account balance has changed from 0.45% to 1.00%
- The termination rates were adjusted based on an experience review during 2018 - 2020
- The BVG 2015 tables were changed to the BVG 2020 tables for mortality, disability, marriage, and children age/number assumptions

Pension plans — Characteristics and risks

Hirslanden Group has defined benefit pension plans in Switzerland that expose the Hirslanden Group to some actuarial or investment risks.

Pensionskasse Hirslanden

For employees of Hirslanden Group in Switzerland the Pensionskasse Hirslanden (PH) Fund provide post-employment, death-in-service and disability benefits in accordance with the Federal Law on Occupational Old-age, Survivor's and Disability Insurance (German: BVG). PH Fund is a foundation and an entity legally separate from Hirslanden Group. The Fund's governing body is composed of an equal number of employer and employee representatives. This governing body determines the level of benefits and the investment strategy for the plan assets based on asset-liability analyses performed periodically. The basis for these asset-liability analyses are the statutory pension obligations, as these largely determine the cash flows of the PH Fund. In addition, the investment of the plan assets is based on regulations developed by the governing body in accordance with the legal investment guidelines (BVV2). The investment committee of the governing body is responsible for their implementation. The governing body has mandated the investment activity to Complementa Investment Controlling AG, as the global custodian.

The investment strategy complies with the legal guidelines and is rather conservative. Alternative investments and unhedged foreign currency positions are rare.

Pensionskasse Hirslanden (continued)

The benefits of the pension plan are substantially higher than the legal minimum. They are determined by the employer's and employee's contributions and interest granted on the plan members' accumulated savings; the interest rate is determined annually by the governing body in accordance with the legal framework (defined contribution, as defined by the occupational pension law). The employee's and the employer's contributions are determined based on the insured salary and range from 1.25% to 15% of the insured salary depending on the age of the beneficiary.

The pension law requires adjusting pension annuities for inflation depending on the financial condition of the pension fund. Although the pension plan is fully funded at present in accordance with the pension law, the financial situation of the PH Fund will not allow for inflation adjustments.

VSAO

For employed physicians of Hirslanden Group in Switzerland the VSAO Pension Fund provide post-employment, death-in-service and disability benefits in accordance with the Federal Law on Occupational Old-age, Survivor's and Disability Insurance (German: BVG). VSAO Fund is a foundation and an entity legally separate from Hirslanden Group. The Fund's governing body is composed of an equal number of employer and employee representatives. The investment of the plan assets is in accordance with the legal investment guidelines (BVV2).

The benefits of the pension plan are substantially higher than the legal minimum. They are determined by the employer's and employee's contributions and interest granted on the plan members' accumulated savings; the interest rate is determined by the governing body in accordance with the legal framework (defined contribution, as defined by the occupational pension law).

The employee's and the employer's contributions is 14% of the insured salary.

18. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

Other pension plans

Other pension plans exist for the latest acquired subsidiaries (Hirslanden Clinique La Colline SA, Hirslanden Klinik Linde AG, Clinique des Grangettes SA and Hirslanden OPERA Zumikon AG) which are not yet integrated into the main pension plan of the Group, Pensionskasse Hirslanden. These pension funds are legally separate from Hirslanden Group. The investment of the plan assets is in accordance with the legal investment guidelines (BVV2).

The employee's and the employer's contributions are determined based on the insured salary. The contribution range from 1.78% to 15% of the insured salary depending on the age of the beneficiary.

General information on all pensions plans

If an employee leaves Hirslanden Group or the pension plan respectively before reaching retirement age, the law provides for the transfer of the vested benefits to the new pension plan. These vested benefits comprise the employee's and the employer's contributions plus interest, the money originally brought in to the pension plan by the beneficiary. On reaching retirement age, the plan participant may decide whether to withdraw the benefits in the form of an annuity or (partly) as a lump-sum payment. The pension law requires adjusting pension annuities for inflation depending on the financial condition of the pension fund.

The pension law in Switzerland envisages that benefits provided by a pension fund are fully financed through the annual contributions defined by the regulations. If insufficient investment returns or actuarial losses lead to a plan deficit as defined by the pension law, the governing body is legally obliged to take actions to close the funding gap within a period of 5 years to a maximum of 7 years. Besides adjustments to the level of benefits, such actions could also include additional contributions from respective group companies and the beneficiaries. The current financial situation of the Groups pension funds do not require such restructuring actions. On the other hand, the group companies do not benefit from any plan surpluses.

19. PROVISIONS

	Employee jubilee benefits	Legal cases and other	Tariff risks	Total
	CHF 000	CHF 000	CHF 000	CHF 000
At 1 April 2020	**22’629**	**3’038**	**34’992**	**60’659**
Charged to the income statement	1’967	643	11’754	**14’364**
Utilised during the year	(3’403)	(25)	(2’547)	**(5’975)**
Unused amounts reversed	(1’018)	(624)	(4’633)	**(6’275)**
At 31 March 2021	**20’175**	**3’032**	**39’566**	**62’773**
Current	4’011	525	10’477	**15’013**
Non-current	16’164	2’507	29’089	**47’760**
At 31 March 2021	**20’175**	**3’032**	**39’566**	**62’773**
At 1 April 2019	22’717	3’130	24’950	50’797
Charged to the income statement	3’065	694	17’828	21’587
Disposal of subsidiaries	(282)	-	(220)	(502)
Utilised during the year	(2’834)	(132)	(1’500)	(4’466)
Unused amounts reversed	(37)	(654)	(6’066)	(6’757)
At 31 March 2020	22’629	3’038	34’992	60’659
Current	3’826	720	12’466	17’012
Non-current	18’803	2’318	22’526	43’647
At 31 March 2020	22’629	3’038	34’992	60’659

Employee jubilee benefits
This provision is for benefits granted to employees for long service. The provision is calculated based on the employee’s cost to the company as well as the estimated expected utilisation of the employee benefits.

Legal cases and other
The major part of this provision relates to retentions for malpractice and provisions for doctors' practices.

Tariff risks
These provisions are related to tariff risks (e.g. DRG base rate level, historic tariff disputes) in various hospitals and cantons. Due to a contractual settlement (Swiss DRG base rate) corresponding provisions were utilised or reversed.

For more details refer to note 4.3.

At 31 March, provisions are expected to be payable during the following financial years:

	2021	2020
	CHF 000	CHF 000
Within 1 year	15’013	17’012
After one year but not more than five years	41’295	34’644
More than five years	6’465	9’003
	62’773	60’659

20. DERIVATIVE FINANCIAL INSTRUMENTS

Through the acquisition of the Grangettes group in financial year 2019, the Group entered into a put / call agreement over the remaining 40% interest in the combined company of Clinique des Grangettes and Clinique La Colline. The options are exercisable after four years and the consideration on exercise will be determined based on the profitability of the combined company at that time. The exercise price is formula based.

The amount that may become payable under the option on exercise was initially recognised at the present value of the redemption amount and discounted based on the most recent mid-term plan of the underlying entities with a corresponding charge directly to equity. The charge to equity is recognised separately as written put options over non-controlling interests (TCHF 113'477).

The liability is subsequently measured at amortised cost. The liability is adjusted for changes in the estimated performance and increased through finance charges up to the redemption amount that is payable at the date at which the option first becomes exercisable. In the event that the option expires unexercised, the liability is derecognised with a corresponding adjustment to equity. A 10% change in the projected earnings will change the liability and profit before tax by TCHF 14'959 (2020: TCHF 12'095).

	2021	2020
Movement in the redemption liability (written put option)	**CHF 000**	**CHF 000**
Opening balance	120’953	113’921
Charged to the income statement		
Unwinding of discount	1’013	903
Remeasurement of redemption liability	27’621	6’129
Balance at the end of the year	**149’587**	120’953

21. CASH-SETTLED SHARE-BASED PAYMENT LIABILITY

The LTIP awards is phantom shares awarded to selected senior management. This share-based payment arrangement is accounted for as a cash-settled share-based payment transaction. Under the LTIP, conditional phantom shares of the ultimate shareholder (Mediclinic International plc) are granted to selected employees of the company. The vesting of these shares are subject to continued employment, and is conditional upon achievement of performance targets, measured over a three-year period. The performance conditions for the year under review constitute a combination of: absolute total shareholder return (“TSR”) (40% weighting) and earnings per share (60% weighting).

	2021	2020
	CHF 000	**CHF 000**
Opening balance	43	2
Share-based payment (income) / expense	84	41
Balance at the end of the year	**127**	43
A reconciliation of the movement of the LTIP units is detailed below:	**Units**	**Units**
Opening balance	320’819	97’075
Units granted during the year (LTIP)	294’355	240’815
Units cancelled/lapsed during the year (LTIP)	(37’543)	(17’071)
Balance at the end of the year	**577’631**	320’819

Valuation assumptions relating to outstanding units:	**2020 allocation**	**2019 allocation**	**2018 allocation[1]**
Grant date	14.12.2020	19.06.2019	15.06.2018
Vesting date	14.12.2023	19.06.2022	15.06.2021
Outstanding units	294’355	301’327	42’461
Closing price of Mediclinic International plc share (denominated in GBP)	286 pence	286 pence	286 pence
Risk-free rate	0.07%	0.02%	n/a
Expected dividend yield	0.00%	0.00%	n/a
Volatility	41.20%	40.10%	n/a

[1] The performance period for the 2018 Awards has elapsed with the Company being below the performance targets. None of the awards will vest.

GROUP

	2021	2020
	CHF 000	CHF 000
22. TRADE AND OTHER PAYABLES		
Trade payables	150'485	163'016
Other payables and accrued expenses	95'825	107'151
Social insurance and accrued leave pay	49'946	42'091
Value added tax	2'885	2'203
	299'141	314'461
Thereof financial instruments:	**246'310**	270'167

23. REVENUE

Revenue primarily comprises fees charged for inpatient and outpatient hospital services. Those services include charges for accommodation, theatre, medical professional services, equipment, radiology, laboratory and pharmaceutical goods used.

	2021	2020
Disaggregation of revenue from contracts with customers	CHF 000	CHF 000
Inpatient revenue	1'329'301	1'331'228
Day cases revenue and outpatient revenue	362'519	371'834
Rental income	25'684	25'860
Other revenue	66'119	74'955
Total Revenue	**1'783'623**	1'803'877

Inpatient revenue is recorded and recognised during the period in which the hospital service is provided. Day cases revenue and outpatient revenue is recorded when the performance obligations are satisfied, i.e. right after treatment of the patient as this is the moment when the performance obligation is completed.
Revenue from other sources is recognised when the the performance obligation is fulfilled.

The rental income received from external parties during the year from the letting of consulting rooms, parking and personnel housing was TCHF 25'684 (2020: TCHF 25'860). Rental income is based on a high number of individual lease agreements with outstanding committed terms of between one and five years and standard pricing linked to inflation.

24. OTHER INCOME

Switzerland introduced COVID-19 lockdown measures on 16 March 2020, which included the suspension of elective procedures for all hospitals until 27 April 2020. These measures were taken to ensure capacity for COVID-19 patients. The Group has been extensively engaged with the cantonal authorities and involved in their pandemic response planning.

In response to these measures, cantonal authorities introduced financial support for hospitals in Switzerland. The Group has been awarded with government grants to partially compensate for losses of revenue due to the ban on elective procedures and for additional costs incurred.

Total government grants recognised as other income were TCHF 12'645 (2020: TCHF nil).

	GROUP	
	2021	**2020**
	CHF 000	**CHF 000**
25. OPERATING PROFIT		
Operating profit/(loss) is shown after including the below:		
Employee benefit and contractor costs	**890'015**	886'949
Wages and salaries	724'927	716'205
Social security costs	85'204	74'970
Retirement benefit costs - defined contribution plans (note 18)	46'176	50'234
Share-based / cash-settled payment charge (note 21)	84	41
Independent contractor costs and doctors fees	27'946	26'019
Other employee/staff related costs	5'678	19'480
Infrastructure related costs	**66'756**	65'737
Maintenance costs	49'732	48'210
Operating leases on buildings	4'877	5'508
Utilities	12'147	12'019
Depreciation	**136'460**	138'932
Amortisation of intangible assets	**18'484**	18'662
Service costs	**76'785**	80'090
Fees paid to the Group's auditors for the following services:	**1'729**	1'766
Audit of the parent Company and consolidated financial statements	623	622
Audit Company subsidiaries	695	620
Audit related services	263	160
Other assurance services	148	364
Insurance	2'736	2'705
Consultancy fees	12'406	11'670
ICT expenses	18'962	19'587
Other services costs	40'952	44'362

In addition to the government grants recognised as other income (note 24), government introduced a wage subsidy programme in response to the COVID-19 pandemic. The Group was entitled to the wage subsidy because it had to stop elective procedures until 27 April 2020. The grant was recognised against the related employee costs. The Group received a wage subsidy of TCHF 7'100 (2020: TCHF nil) under the programme. There is no outstanding balance of deferred income or receivable related to this grant as at 31 March 2021.

26. OTHER GAINS AND LOSSES		
Foreign currency exchange differences	(111)	226
Gain on disposal of subsidiary (note 34)	359	-
Loss on disposal of subsidiary (note 34)	(747)	-
Profit/(loss) on disposal of property, equipment and vehicles	70	(23)
	(429)	203

Included in the loss on disposal of subsidary is a loss of TCHF 591 relating to the disposal of subsidiary and business which offset by the gain on disposal of TCHF 359 represents the net loss of TCHF 232 from the transactions.

27. FINANCE COST		
Interest expenses	47'553	47'197
Interest on lease liabilities (note 17)	7'662	7'644
Amortisation of capitalised financing expenses	3'156	3'097
Remeasurement of redemption liability (note 20)	27'621	6'129
Unwinding of discount of redemption liability (note 20)	1'013	903
Less: amounts included in the cost of qualifying assets	(3)	-
	87'002	64'970

	GROUP	
	2021	**2020**
	CHF 000	**CHF 000**
28. TAXATION		
Current income tax		
Current income tax charge	16'122	19'672
Previous year income tax expense / (credit)	890	2'146
Deferred income tax (note 9)	(2'333)	(37'442)
Taxation per income statement	**14'679**	(15'624)
Reconciliation of tax rate		
Net profit before income tax	31'041	50'439
Expected income tax rate	16.49%	17.88%
Income tax expense calculated on theoretical tax rate	**5'119**	9'021
Effect of loss-making subsidiaries on expected tax rate	(2'192)	-
Effect of changes in income tax rates	(1'868)	(35'057)
Adjustments for previous years	890	2'146
Effect of non-recognition of tax losses in current year	6'603	3'248
(Recognition) / Derecognition of tax losses relating to prior years	(1'378)	2'316
Non-deductible (income) / expenses	7'583	2'284
Utilisation of previously unrecognised tax losses	(78)	418
Total income tax (expense) / income	**14'679**	(15'624)
Effective income tax rate	**47.29%**	-30.98%

The Group's effective tax rate increased from -30.98% as per 31 March 2020 to 47.29% as per 31 March 2021. The reasons for this increase are listed below:

The Swiss public voted on 19 May 2019 to adopt the Federal Act on Tax Reform and AHV Financing (TRAF) confirming the reform of corporate taxation in Switzerland. Due to this reform several canton decreased their tax rates in the financial year 2020. This led to an effect of changes in income tax rates of TCHF 35'057 in the financial year 2020.
As some cantons are successively reducing their tax rates, this also leads to an effect from the tax rate reduction in the financial year 2021. The majority of this effect is attributable to deferred taxes on real estate of TCHF 2'031.

Taking into account the current business development and the medium-term planning, no deferred tax assets on tax losses of Hirslanden Bern in the amount of TCHF 6'482 (2020: TCHF 3'026) were recognised in the current year.

As at 31 March 2021, non-deductible expenses include the rent charged on by Hirslanden AG, (Zurich) to its subsidiaries Klinik Birshof AG (Münchenstein), Hirslanden Klinik Aarau AG (Aarau) and Hirslanden Lausanne SA (Lausanne), which are not fully recognised by the cantonal tax authorities of Baselland, Aargau and Vaud.
In addition, the remeasurement and the unwinding of discount of redemption liability (written put option) are non-tax-deductible expenses (TCHF 5'277).

The following tax was charged to other comprehensive income

Deferred tax	**(33'696)**	(1'306)

GROUP

	2021 CHF 000	2020 CHF 000
29. OTHER COMPREHENSIVE INCOME		
Components of other comprehensive income:		
Items that will not be reclassified to the income statement		
Remeasurement of retirement benefit obligations	153'505	(18'116)
Other comprehensive income / (loss), net of tax	**153'505**	(18'116)

Tax and non-controlling interests on other comprehensive income:

	Attributable to equity holders of the company (before tax) CHF 000	Tax charge attributable to equity holders of the Company CHF 000	Attributable to non-controlling interest (after tax) CHF 000	Total CHF 000
Year ended 31 March 2021				
Remeasurement of retirement benefit obligations	182'300	(32'814)	4'019	**153'505**
Other comprehensive income / (loss)	**182'300**	**(32'814)**	**4'019**	**153'505**
Year ended 31 March 2020				
Remeasurement of retirement benefit obligations	(17'490)	(1'183)	557	(18'116)
Other comprehensive income / (loss)	(17'490)	(1'183)	557	(18'116)

	2021 CHF 000	2020 CHF 000
30. CASH FLOW INFORMATION		
30.1 Reconciliation of profit before taxation to cash generated from operations		
Operating profit before interest and taxation	116'674	114'683
Non-cash items		
Depreciation and amortisation (note 25)	154'944	157'594
Impairment of properties, intangible and tangible assets (note 5)	-	39'329
Impairment reversal of properties (note 5)	-	(5'458)
Movement in provisions (note 19)	2'114	10'364
Movement in retirement benefit obligations (note 18)	(5'271)	(514)
Movement in loss allowance of trade receivables (note 11)	3'944	778
Equity settled share-based payment charge (note 21)	84	41
Loss / (profit) on disposal of subsidiary (note 34)	232	-
Profit / (loss) on sale of property, equipment and vehicles (note 5)	(71)	23
Operating income before changes in working capital	**272'650**	316'062
Working capital changes	**(93'790)**	40'429
Movements in inventories	(8'440)	(6'133)
Movements in trade and other receivables	(73'505)	22'332
Movements in current liabilities	(11'845)	23'451
Cash generated from operations	**178'860**	356'491

	GROUP 2021 CHF 000	2020 CHF 000
30. CASH FLOW INFORMATION (CONTINUED)		
30.2 Interest paid		
Finance cost (income statement)	**(87'002)**	(64'970)
Non-cash items		
Amortisation of capitalised financing expenses (note 27)	3'156	3'097
Remeasurement redemption liability (note 20)	27'621	6'129
Unwinding of discount of redemption liability (note 20)	1'013	903
Other non-cash finance expenses	22'506	21'561
Interest paid (cash flow statement)	**(32'706)**	(33'280)
30.3 Taxation paid		
Opening balance	(4'607)	(9'619)
Business combinations (note 33)	(54)	-
Disposal of subsidiaries and businesses (note 34)	-	(117)
Provision for the year (note 28)	(17'012)	(21'818)
Liability at the end of the year	5'191	4'607
Taxation paid	**(16'482)**	(26'947)
30.4 Investment to maintain operations		
Property, equipment and vehicles purchased	31'479	30'591
Intangible assets purchased	9'523	9'335
Investment to maintain operations	**41'002**	39'926
30.5 Investment to expand operations		
Property, equipment and vehicles purchased	35'041	35'912
Intangible assets purchased	10'422	10'959
Investment to expand operations	**45'463**	46'871
30.6 Changes in liabilities arising from financing activities		
Borrowings (note 16)		
Opening balance	1'647'963	1'767'540
Effect of initial application of IFRS 16	-	(3'941)
Cash flow movements		
Proceeds from borrowings	145'000	-
Repayment of borrowings	(196'060)	(117'000)
Refinancing transaction costs	(4'155)	(1'733)
Non-cash items		
Amortisation of capitalised financing fees	3'156	3'097
Business combinations	60	-
Closing balance of total borrowings	**1'595'964**	1'647'963
Lease liabilities (note 17)		
Opening balance	500'194	-
Effect of initial application of IFRS 16	-	512'289
Cash flow movements		
Repayment of lease liabilities	(33'728)	(34'419)
Non-cash items		
Business combinations	359	-
Disposal of subsidiaries and businesses	(3'808)	-
Transfer from / to liabilities held for sale	3'980	(3'980)
New lease commitments entered into during the year	64'043	33'165
Lease commitments terminated during the year	(1'280)	(6'861)
Closing balance of total borrowings	**529'760**	500'194

	2021 CHF 000	2020 CHF 000
31. COMMITMENTS		
31.1 Capital commitments		
Incomplete capital expenditure contracts	161'972	35'621
Capital expenses authorised by the Board of Directors but not yet contracted	16'000	2'635
	177'972	38'256

These commitments will be financed from Group and borrowed funds.

At 31 March 2021 and 31 March 2020, some Group companies are liable jointly and individually for possible losses of their participation in "Zentrallabor, Zürich" according to Swiss Code of Obligations § 530 et sqq.

At 31 March 2021 and 31 March 2020, the Group is liable without limit and jointly and severally for the debts of the ordinary partnership for the car park in Cham ("Baukonsortium").

31.2 Income guarantees

As part of the expansion of its network of specialist institutes and centres of expertise the Group has agreed to guarantee a minimum net income to these specialists for a start-up period of three to five years. Payments under such guarantees become due, if the net income from the collaboration does not meet the amounts guaranteed. There were no payments under the above mentioned income guarantees in the reporting period as the net income individually generated met or exceeded the amounts guaranteed.

	2021 CHF 000	2020 CHF 000
Total of net income guaranteed:	**4'227**	8'013
April 2020 to March 2021	-	5'203
April 2021 to March 2022	3'491	2'479
April 2022 to March 2023	486	331
April 2023 to March 2024	250	-

	GROUP 2021 CHF 000	GROUP 2020 CHF 000
32. INTERCOMPANY BALANCES AND RELATED PARTY TRANSACTIONS		
32.1 Loans due from related parties	**333**	**-**
Current	250	-
Non-current	83	-

The Group has one loan due from a related party (Zentrallabor Zürich) of TCHF 333 (31 March 2020: TCHF 0) bearing no interest and is repayable by 31 August 2022.

	2021 CHF 000	2020 CHF 000
32.2 Loans due to Group companies		
Long-term subordinated Group loans	**762’788**	740’302
non-current	762’788	740’302

The loan of TCHF 762'788 (2020: TCHF 740'302) bears interest at 3.5% plus 12M Libor and was originally repayable by 1 August 2020 but was extended until 31 December 2023 on 1 November 2017.

32.3 Related party transactions

Entities with significant influence over the Group

as per 31 March 2021	Interests from CHF 000	Other Income from CHF 000	Amounts owed by CHF 000	Purchases from CHF 000	Interests due to CHF 000	Amounts owed to CHF 000
Mediclinic Luxembourg S.à.r.l, Luxembourg	**-**	**-**	**-**	**-**	**22’486**	**762’788**
Mediclinic Group Services (Pty) Ltd, UK	**-**	**86**	**59**	**7’874**	**-**	**1’768**
as per 31 March 2020						
Mediclinic Luxembourg S.à.r.l, Luxembourg	-	-	-	-	21’716	740’302
Mediclinic Group Services (Pty) Ltd, UK	-	-	-	8’113	-	-

Associate

as per 31 March 2021	Interests from CHF 000	Other Income from CHF 000	Amounts owed by CHF 000	Purchases from CHF 000	Interests paid to CHF 000	Amounts owed to CHF 000
Zentrallabor Zürich	**-**	**-**	**1’097**	**13’203**	**-**	**-**
as per 31 March 2020						
Zentrallabor Zürich	-	718	955	10’445	-	718

32. INTERCOMPANY BALANCES AND RELATED PARTY TRANSACTIONS (CONTINUED)

32.4 Transactions with associates and joint ventures

Terms and conditions of transactions with related parties, associates and joint ventures
Purchases from related parties and fees for services rendered to related parties are made at normal market prices. Interests earned from related parties correspond with commercial borrowing rates. There have been no guarantees provided or received for any related parties receivables or payables. For the years ended 31 March 2021 and 31 March 2020, the Group has not made any provision for doubtful debts relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of each related party.

	2021 CHF 000	2020 CHF 000
32.5 Key management compensation		
Short-term employee benefits	9'551	7'572
Post-employment pension benefits	1'055	1'087
Total compensation paid to key management	**10'606**	8'659

Key management is comprised of the Board of Directors of Hirslanden AG and the Executive Committee.

33. BUSINESS COMBINATION

Effective on 1 April 2020, Hirslanden AG acquired 100% of the shares of the outpatient surgical unit OPERAtionszentrum Zumikon (relax health competence AG) for TCHF 3'379. The outpatient surgical unit is specializes in outpatient surgery, was established in 2008 and was renamed in May 2020 to Hirslanden OPERA Zumikon AG.

With the takeover of OPERA Zumikon AG, the Group is bringing together its existing and newly acquired day surgery units in a single organisational entity specifically established for this purpose.
The objective of the new organisational structure is to consistently continue to develop Hirslanden's outpatient surgery offer in terms of quality and quantity and to establish outpatient surgical units with selected partners throughout Switzerland. The acquisition of OPERA Zumikon AG ideally expands the current inpatient service offering of Klinik Hirslanden.

In February 2020, Hirslanden Ambulante Operationszentren AG was founded as a 100% subsidiary of Hirslanden AG. The company was renamed to Hirslanden OPERA AG and the investment in OPERA Zumikon AG was transferred to Hirslanden OPERA AG.

The goodwill of TCHF 3'044 arising from the acquisition is attributable to the acquired workforce and economies of scale expected from combining the operations of the Group and OPERA. None of the goodwill recognised is expected to be deductible for income tax purposes.

The following table summarises the consideration paid for OPERA Zumikon AG, the fair value of assets acquired and liabilities assumed at the acquisition date.

	1 April 2020
	CHF 000
Analysis of assets and liabilities over which control was lost	
Property, equipment and vehicles	88
Right-of-use assets	359
Deferred tax assets	143
Inventories	166
Trade and other receivables	197
Cash and cash equivalents	614
Total assets	**1'567**
Borrowings	(60)
Lease liabilities	(359)
Pension liabilities	(674)
Deferred tax liabilities	(5)
Current income tax liabilities	(54)
Trade and other payables	(80)
Total liabilities	**(1'232)**
Total identifiable net assets at fair value	**335**
Goodwill	**3'044**
Consideration transferred for the business	**3'379**
Purchase consideration	
Cash paid	3'379
Revenue and profit contribution	
Revenue contributed from effective date of acquisition	**2'680**
Profit contributed from effective date of acquisition	**534**
Analysis of cash flow on acquisition	
Total consideration transferred in cash	**(3'379)**
Net cash acquired with the subsidiary	**614**
Net cash flow on acquisition	**(2'765)**

34. DISPOSAL OF SUBSIDIARIES AND BUSINESSES

Effective on 1 June 2020 Hirslanden Praxiszentrum am Bahnhof, Schaffhausen AG and assets and liabilities from the outpatient medical centre of Hirslanden Bern AG and assets and liabilities from the outpatient medical centre of Hirslanden Freiburg AG, Düdingen were transferred to the Medbase Group. In financial year 2020, the Group and the Medbase Group decided to pool their expertise in outpatient and inpatient medicine and jointly invest in integrated healthcare close to home.

As part of the planned integrated care concept and in line with the respective competencies, Medbase will be responsible for the outpatient healthcare close to home and the Group for inpatient medicine and outpatient surgery. Together, the two partners intend to operate outpatient radiology in the form of a joint venture, with the Hirslanden Group taking over the management. In a first step, the three Hirslanden outpatient medical centres in Schaffhausen, Bern and Düdingen, together with all their employees, were transferred to the Medbase outpatient network and their affiliated radiology units will be integrated into the new joint venture.

	1 June 2020 **CHF 000**
Analysis of assets and liabilities over which control was lost	
Property, equipment and vehicles	7’875
Intangible assets	49
Other investments and loans	95
Deferred income tax assets	170
Trade and other receivables	331
Cash and cash equivalents	132
Lease liability	(3’808)
Deferred income tax liabilities	(12)
Trade and other payables	(407)
Net assets disposed of	**4’425**
Consideration received	
Cash and cash equivalents	4’193
Total consideration	**4’193**
Loss on disposal of subsidiary and businesses	
Consideration received	4’193
Net assets disposed of	(4’425)
Loss on disposal before income tax	**(232)**
Net cash inflow	
Total cash flow on disposal of subsidiary	4’193
Less: cash and cash equivalents disposed of	(132)
Net cash inflow on disposal	**4’061**

35. SEGMENT REPORTING

Consistent with internal reporting, the Group's operating segments are the eight supply regions (Aargau, Baselland, Berne, East (Appenzell, St. Gallen), Lucerne, West (Geneva, Vaud), Zug and Zurich). The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee of Switzerland (ExCo) that makes strategic decisions, see note 2.3.

Since all operating segments are healthcare providers in Switzerland and as such have the same business activities and operate in the same economic and regulatory environment, have similar economic characteristics such as long-term EBITDA-margins and revenue streams and offer similar services to similar types of customers, the eight operating segments are aggregated into one reportable segment in line with the aggregation criteria of IFRS 8.

The information reported to the chief operating decision-maker is in line with IFRS standards and is in line with the consolidated financial statements in this report. Therefore, no separate segment information is disclosed.

The breakdown of revenues by services is disclosed in note 23.

Revenues from external customers attributed to foreign countries are not material. Furthermore, there are no non-current assets located in foreign countries.

For information on major customers, please refer to note 3.1b.

36. FINANCIAL INSTRUMENTS - ADDITIONAL DISCLOSURES

Financial instruments measured at fair value in the statement of financial position, are classified using a fair value hierarchy that reflects the significance of the inputs used in the valuation. The fair value hierarchy has the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: Input (other than quoted prices included within level 1) that is observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
Level 3: Input for the asset or liability that is not based on observable market data (unobservable input).

Financial instruments carried at fair value in the statement of financial position

	2021 CHF 000	2020 CHF 000
Financial assets		
Other investments and loans	**1’523**	1’251

Debt instruments at FVPL (part of other investments and loans)
Fair value is based on appropriate valuation methodologies being discounted cash flow or actual net asset value of the investment. These assets are grouped as level 3.

Financial instruments not carried at fair value in the statement of financial position

	2021 CHF 000	2020 CHF 000
Financial assets		
Other investments and loans	**5’979**	3’662
Trade and other receivables	**587’056**	529’937
Cash and cash equivalents	**105’805**	179’299
Financial liabilities		
Borrowings	**1’595’964**	1’647’963
Lease liability	**529’760**	500’194
Derivative financial instruments	**149’587**	120’953
Trade and other payables	**246’310**	270’167

Cash and cash equivalents, trade and other receivables and other investments and loans

Due to the expected short-term maturity of these financial instruments, their carrying value approximate their fair value.

Borrowings
The fair value of long-term borrowings is based on discounted cash flows using the effective interest rate method. As the interest rates of long-term borrowings are all market related, their carrying values approximate their fair value.

Lease liability
The lease liability is measured at the present value of the remaining lease payments over the period of the lease at the incremental borrowing rate.

Derivative financial instruments
The value of the redemption liability (written put option) is based on the profitability of Clinique des Grangettes SA and Hirslanden Clinique La Colline SA. The exercise price is formula based and the financial liability is recognised at amortised cost at the present value of the estimated future contractual cash flows of the redemption amount.

Trade and other payables

Due to the expected short-term maturity of these financial instruments, their carrying value approximate their fair value.

37. INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The ultimate shareholder of Hirslanden AG is "Mediclinic International plc" which indirectly owns 100% of the shares.

Subsidiaries

The consolidated financial statements include the financial statements of Hirslanden AG and the subsidiaries listed in the following table:

Hirslanden Praxiszentrum am Bahnhof, Schaffhausen AG was sold on 1 June 2020. See note 34 for more details on the disposal of subsidiaries and businesses.

In February 2020, Hirslanden Ambulante Operationszentren AG was founded as a 100% subsidiary of Hirslanden AG. The company was renamed to Hirslanden OPERA AG. As per 1 April 2020 the Group acquired relax health competence AG (see also note 33) as a 100% subsidiary of Hirslanden OPERA AG. The company was renamed in May 2020 to Hirslanden OPERA Zumikon AG. As part of the objective to consistently continue to develop Hirslanden's outpatient surgery offer, the outpatient unit of Klinik Stephanshorn AG was spun-off and a new legal entity, Hirslanden OPERA St. Gallen AG, was established.

Hirslanden Venture Capital AG and Hirslanden Precise AG were founded in financial year 2021 as 100% subsidiaries of Hirslanden AG.

	Country of incorporation	Investments in % 2021	Investments in % 2020
Directly held through Hirslanden AG			
Hirslanden Klinik Aarau AG, Aarau	Switzerland	**100.00**	100.00
Hirslanden Bern AG, Bern	Switzerland	**100.00**	100.00
Hirslanden Lausanne SA, Lausanne	Switzerland	**100.00**	100.00
Hirslanden Praxiszentrum am Bahnhof, Schaffhausen AG	Switzerland	**-**	100.00
AndreasKlinik AG Cham, Cham	Switzerland	**100.00**	100.00
Klinik Birshof AG, Münchenstein	Switzerland	**99.97**	99.97
Hirslanden Klinik Am Rosenberg AG, Heiden	Switzerland	**100.00**	100.00
Klinik St. Anna AG, Luzern	Switzerland	**100.00**	100.00
Klinik Stephanshorn AG, St. Gallen	Switzerland	**100.00**	100.00
Radiotherapie Hirslanden AG, Aarau	Switzerland	**100.00**	100.00
IMRAD SA, Lausanne	Switzerland	**75.00**	100.00
Hirslanden Klinik Linde AG, Biel	Switzerland	**100.00**	100.00
Hirslanden La Colline Grangettes SA, Chêne-Bougeries	Switzerland	**60.00**	60.00
Hirslanden OPERA AG, Opfikon	Switzerland	**100.00**	100.00
Hirslanden Venture Capital AG, Opfikon	Switzerland	**100.00**	-
Hirslanden Precise AG, Zollikon	Switzerland	**100.00**	-
Indirectly held through Hirslanden Klinik am Rosenberg AG			
Klinik am Rosenberg Heiden AG, Heiden	Switzerland	**99.20**	99.20
Indirectly held through Hirslanden La Colline Grangettes SA			
Hirslanden Clinique La Colline SA, Genève	Switzerland	**60.00**	60.00
Grangettes Healthcare SA, Chêne-Bougeries	Switzerland	**60.00**	60.00
Indirectly held through Grangettes Healthcare SA			
Clinique des Grangettes SA, Chêne-Bougeries	Switzerland	**60.00**	60.00
Dianecho SA, Genève	Switzerland	**43.90**	43.90
Indirectly held through Hirslanden OPERA AG			
Hirslanden OPERA Zumikon AG, Zumikon	Switzerland	**100.00**	-
Hirslanden OPERA St. Gallen AG, St. Gallen	Switzerland	**100.00**	-
Indirectly held through IMRAD SA			
Hirslanden Freiburg AG, Düdingen, Düdingen	Switzerland	**75.00**	100.00

37. INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (CONTINUED)

Associates and Joint ventures			
Zentrallabor Zürich, Zürich (ZLZ) [1]	Switzerland	**49.47**	45.96
Ordinary partnership for a car park ("Baukonsortium"), Cham	Switzerland	**24.00**	24.00
Ordinary partnership for the management of parking spaces ("EFG Parkierung Rigistrasse"), Cham	Switzerland	**25.00**	24.90
La Colline, Centre de Rééducation et Physiothérapie SA, Genève	Switzerland	**20.00**	20.00
La Colline, Centre de Physiothérapie du Sport Sàrl, Genève	Switzerland	**23.00**	23.00
CORTS AG, Maur	Switzerland	**37.78**	30.00
GRGB Santé SA, Genève [2]	Switzerland	**30.00**	30.00
Hystrix Medical AG, Zürich	Switzerland	**8.68**	-
Centre de Chirurgie Ambulatoire (CCA) - HUG Hirslanden SA, Genève [3]	Switzerland	**50.00**	-

[1] The Group does not control ZLZ as it has no decision-making power over the company.
[2] From a Group point of view, the 50% stake in GRGB Santé SA is 30%, as it is held indirectly through Clinique des Grangettes SA.
[3] The Group does not control CCA as it has no decision-making power over the company.

38. EVENTS AFTER THE BALANCE SHEET DATE

On May 10, a fire broke out at Hirslanden Clinic and caused significant damage to one of the building wings. Since the emergency unit, intensive care unit and operating theatres were not damaged by the fire, the hospital remains operational. Although the damage caused by the fire has not been determined, insurance cover for the damage to the property, equipment and supplies are in place, including cover for the losses incurred due to the interruption of business. The board of directors does not consider the event to have a material financial impact on the Group.