

Company Registration No. 04180439

Dudley Summit PLC

Annual Report and Financial Statements

For the year ended 31 March 2021

SATURDAY



AAG05BZK

A07

06/11/2021

#23

COMPANIES HOUSE

Dudley Summit PLC

Annual report and financial statements for the year ended 31 March 2021

Contents	Page
Officers and professional advisers	1
Strategic report	2
Directors' report	5
Directors' responsibilities statement	6
Independent auditor's report	7
Statement of comprehensive income	13
Statement of financial position	14
Statement of changes in equity	15
Notes to financial statements	16

Dudley Summit PLC

Annual report and financial statements for the year ended 31 March 2021

Officers and professional advisers

Directors

M T Smith
R M Thompson
C T Solley
M Templeton

Company Secretary

W L Rapley

Registered Office

C/O Albany SPC Services Limited,
3rd Floor,
3-5 Charlotte Street,
Manchester,
England,
M1 4HB

Bankers

Lloyds Bank plc
11-15 Monument Street
London
EC3V 9JA

Auditor

Johnston Carmichael LLP
7-11 Melville Street
Edinburgh
EH3 7PE
United Kingdom

Dudley Summit PLC

Strategic report

The directors present their strategic report on the company for the year ended 31 March 2021. These financial statements have been prepared under FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Business review and principal activities

The company was established on 15 March 2001 to issue £71,000,000 Index-linked guaranteed secured bonds due September 2038 and to borrow funds from the European Investment Bank for the purpose of lending funds to Summit Healthcare (Dudley) Limited ("Projectco"). These funds were arranged to fund a Private Finance Initiative (PFI) concession contract with the Dudley Group of Hospitals NHS Trust to design, build, refurbish, finance and operate various hospital facilities in Dudley, West Midlands.

The company was incorporated in Great Britain, registered in England and Wales and is domiciled in the United Kingdom.

There have not been any changes in the company's activities in the year under review, and the directors are not aware, at the date of this report, of any likely changes in the next year.

As shown in the company's statement of comprehensive income on page 13, the company made no profit or loss in the year and this result was unchanged from last year. The statement of financial position on page 14 of the financial statements also shows that the company's financial position at the year-end has not changed significantly.

The company's operations are managed under the supervision of its shareholders and lenders and are largely determined by the detailed terms of the PFI contract. For this reason, the company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the performance or position of the business.

In addition, the company has credit agreements in place with its lenders which state the level of borrowing and repayments due, subject to RPI inflation, until the loan and bonds are fully repaid by 2038. These agreements subject the company to various covenants. The PFI contract and related subcontracts are fixed for the life of the contract and this enables the company to have reasonable certainty over its income and expenditure for this period. The company remains in compliance with all covenants.

However, as noted in previous years, the decline in the credit rating of AMBAC (the Monoline Guarantor) during November 2008 led to its 'Loss of Qualifying Status' under the agreement with the European Investment Bank (EIB) and also represents a 'Guarantor Event of Default'. The EIB continues to hold the right to request a replacement guarantor. If a replacement were requested and not provided within 45 days of the request, the EIB would have the right to call in their loan. The EIB has been levying an additional 'default' interest charge since the downgrade of AMBAC but has not made any request for a replacement guarantor. Whilst the EIB has reserved its right to request a replacement guarantor, the directors have not received any indication that this right would be exercised.

Going Concern

As the underlying project outlook is profitable and revenue is being generated from a long-term government contract, the directors are confident that there will be no changes to the situation outlined above and in any event are confident that alternative replacement funding could be arranged if required.

Therefore, the directors, having considered the financial position of the company and its expected future cash flows, have prepared the financial statements on the going concern basis.

Principal risk and uncertainties

The company's principal activity as detailed above is risk averse as its trading relationships with its customer and funders are determined by the terms of their respective detailed PFI contracts. Its main exposure is to financial risks as detailed in the following section.

One of the risks of the company is that services may not be able to continue due to the financial failure of one of the group's subcontractors. The financial stability of the facilities management company is being monitored. The directors have reviewed the benchmarking information on the facilities management contract fee and are comfortable that this is a market rate which would enable replacement of the subcontractor for a similar fee.

The World Health Organisation declared the COVID-19 outbreak a health emergency on 30 January 2020 and a global pandemic on 11 March 2020. Many actions taken by the UK Government and the private sector to respond to the outbreak followed these announcements. A review of the financial impact on the Company in responding to COVID-

Dudley Summit PLC

Strategic report

19 has been assessed as low. This is because the Projectco in which the funds raised by this company is invested in is still able to provide the services required under the Project Agreement as the sub-contracted Facilities Management company are still able to provide the necessary services as the work is deemed to be essential and the persons delivering those services deemed to be key workers, as confirmed by a guidance note released by the Infrastructure and Projects Authority on 2 April 2020.

Since the COVID-19 outbreak, the Trust have continued making unitary payments in accordance with the guidance included in the Infrastructure and Projects Authority guidance note to the Projectco.

KPI

The Directors have modelled the anticipated financial outcome of the project across the term of the contract up to the end of the concession. The Directors monitor actual performance against the anticipated performance. As discussed above the Company's performance as at 31 March 2021 against this measure was considered satisfactory.

Brexit

The company via its investment in Projectco is exposed to Brexit risk as a result of the UK's exit from the European Union. Whilst Projectco is not considered to be significantly exposed, subcontractors which it engages with are considered to have exposure in relation to labour and cost of supplies. Performance risk under the Project Agreement and related contracts is passed onto the service providers and to the building contractor. The obligations of the subcontractors are underwritten by parent company guarantees.

Financial instruments and financial risk management

The company's financial instruments comprise guaranteed secured bonds and a committed term loan facility. The proceeds of both the bonds and the loan, net of issue costs, were loaned to Summit Healthcare (Dudley) Limited, a fellow subsidiary undertaking of Summit Holdings (Dudley) Limited. The main purpose of these investments is to finance the design, build and operation of various hospital buildings under the Government's Private Finance Initiative.

The main risks arising from the company's financial instruments are interest rate and liquidity risk. The board has policies for managing each of these risks and they are summarised below:

Interest rate and liquidity risk

The company has mitigated its interest rate and liquidity risk by the loan of the proceeds to its fellow subsidiary company. The company borrows at a fixed rate of interest, subject to RPI inflation, and receives interest at the same rate from its fellow subsidiary. Due to the nature of the project cash flows are reasonably predictable and so, subject to the matter regarding the downgraded credit rating of AMBAC and the impact on the EIB loan as detailed on page 2, this is not a major risk area for the company.

Statement in respect of Section 172(1) of the Companies Act 2006

The board of directors of the company, both individually and collectively, consider they have acted appropriately and in such a way as to promote the long-term success of the company for the benefit of its members as a whole.

Neither the company nor Summit Healthcare Dudley Limited (project company) have any direct employees as the companies are managed under a Managed Service Agreement. The board of Directors is satisfied that those people employed under the MSA are appropriately qualified and have the support systems in place to carry out their role. The Directors are engaged with each team under the MSA to ensure the ongoing management of the underlying contracts of the company and they work collaboratively with the teams to achieve success.

Project company is a special purpose company which has a finite lifespan with a defined set of obligations under Concession Agreements. The project company delivers its objectives through effective relationships with its stakeholders including suppliers and customers. This is affected by regular reporting and reviews with suppliers and customers to ensure delivery of the project company's objectives, whilst considering those stakeholders' needs. The Directors of the project company meet regularly to review strategies for effective risk mitigation and service delivery in the context of its impact on all stakeholder interests, including shareholders, suppliers, customers and the wider community.

Due to the nature of the company's operations, their impact on the community and environment is of paramount importance to the company's success. Operating safely is the company's primary objective and is as such integrated in

Dudley Summit PLC

Strategic report

everything the company undertakes. A safe environment is managed through effective leadership, implementation of robust policies, procedures and instructions, safety management review processes both internally and externally with relevant stakeholders, reporting, audit and monitoring. An independent safety advisor is appointed by the company, who reports directly to the Board of Directors.

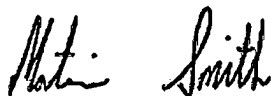
The company delivers contracts to support essential services to the public sector and takes its responsibility for ensuring that an appropriate environment is managed and maintained extremely seriously, ensuring the highest quality service is delivered from the assets under the company's management.

The group uses less than 40,000 kWh of energy or less in a year and on that basis it is exempt from making the detailed energy and carbon reporting disclosures.

Post balance sheet events

There have been no significant events since the statement of financial position date.

Approved by the Board of Directors and signed on behalf of the Board.

A handwritten signature in black ink, appearing to read 'Martin Smith', with a stylized, cursive script.

Martin Smith
Director

Date: 29th September 2021

Dudley Summit PLC

Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31 March 2021.

Principal activities

The principal activities of the company are to provide finance to other group companies and operate certain facilities and to provide non-clinical services at hospital facilities in Dudley, West Midlands.

Environment

The company recognises the importance of its environmental responsibilities, monitors its impact on the environment, and implements policies via its sub-contractors to reduce any damage that might be caused by the company's activities. The company has no direct employees, and all work is carried out via contracts with third parties as such the company itself uses less than 40,000 kWh of energy in a year and is exempt from making the detailed disclosures regarding its carbon footprint.

Employees

The company has no direct employees as detailed in note 6.

Results

The results of the company are as set out in the statement of comprehensive income on page 13.

The directors do not recommend the payment of a dividend (2020: £nil).

Directors and their interests

The directors who served during the year and at the date of this report, except as noted, are set out below:

M T Smith
R M Thompson
C T Solley
M Templeton (appointed 01/10/2020)
J S Gordon (resigned 01/10/2020)

None of the directors at 31 March 2021 held any interests in the share capital of the company.

Statement as to disclosure of information to auditors

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

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditor

Johnston Carmichael LLP were appointed as auditor to the company and in accordance with Section 485 of Companies Act 2006, a resolution proposing they be reappointed will be put to a General Meeting.

Approved by the Board of Directors and signed on behalf of the Board



Martin Smith
Director

Date: 29th September 2021

Dudley Summit PLC

Directors' Report

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Dudley Summit PLC

Independent auditor's report to the members of Dudley Summit PLC

Opinion

We have audited the financial statements of Dudley Summit PLC (the 'company') for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021, and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- agreeing the inputs and assumptions within the board's assessment of the going concern status of the company to supporting documentation and our own understanding of the company. We performed stress testing of downside scenarios and cash flow forecasts, as well as conducting a robust review of the Company's liquidity position. We have also reviewed the adherence to bank covenants in place based on the forecast and considered the likelihood of these being breached in the future via the stress tested scenarios previously mentioned,;
- evaluating the directors' assumptions used in their assessment of the company's financial position against available financial information and our understanding of the business in the context of its ability to service future expenses and ability to meet current and future lending covenants, including confirmation that the EIB has not made any request for a replacement guarantor as a result of the Guarantor Event of Default; and
- specific evaluation of the directors' assessment of continuance of receipt of debt service income from Summit Healthcare (Dudley) Limited ("Projectco"), which is dependent on Projectco's continuing receipt of unitary charge income receivable from Dudley Group of Hospitals NHS Trust.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Dudley Summit PLC

Independent auditor's report to the members of Dudley Summit PLC

Our approach to the audit

We completed a statutory audit of the company. Our audit took account of the legal and operational structure of the company, the key contractual terms and the control environment established by the directors. We also had regard to areas where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

Due to the impact of COVID-19 and the requirement to work remotely a secure portal was established in order to gain access to key documentation required to undertake the audit. We undertook appropriate procedures to corroborate the provenance of information held in the portal. We also held regular virtual meetings with management to discuss our findings.

All work was undertaken by the company audit team. This audit work was complete prior to finalisation of the audit of the company financial statements, thereby providing further evidence in support of our company opinion.

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
<p>Recoverability of amounts due from group undertakings</p> <p>As reported in note 7 to the financial statements the company is owed £142.3m (2020: £145.6m) from group undertakings which is covered by a security and financial guarantees from Dudley Group of Hospitals NHS Foundation Trust and the Department of Health respectively.</p> <p>Notwithstanding the existence of the security and guarantee, the level of receivable is pervasive to the financial statements and its collection is dependent on the wider group fulfilling key service obligations. For these reasons we have identified the recoverability of this balance as a Key Audit Matter.</p>	<p>Central to our audit response was management's assessment of the recoverability of the group receivable.</p> <p>The key procedures we applied to evaluate management's assessment included:</p> <ul style="list-style-type: none">• Reconfirming the existence of the security and financial guarantees from Dudley Group of Hospitals NHS Foundation Trust and the Department of Health respectively.• Reviewing correspondence with the key contracting parties to ensure there had not been any disputes or breaches of service obligations.• Reviewing the most recent operating model and predicted cash flows for the project term.• Confirming the actual level of liquid resources held by the group undertaking at the balance sheet date and at the time of the directors approving the financial statements. <p>Our testing did not give rise to any adverse findings.</p>

Dudley Summit PLC

Independent auditor's report to the members of Dudley Summit PLC

Our application of materiality

The scope of our audit was influenced by the application of materiality. We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Materiality was determined as follows:

Materiality Measure	Entity
Financial statements as a whole (Overall materiality)	£740,000 This was based on 0.5% of the gross assets of the company. This is considered to be the most appropriate benchmark given the nature of the Company. The main purpose of the company was to provide finance to Projectco therefore the amounts receivable from Projectco in relation to the loan is the main driver for this entity.
Performance materiality used to drive the extent of testing	50% of materiality for the financial statements as a whole. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.
Communication of misstatements to the Directors	£37,000 (5% of overall materiality) and any misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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.

Dudley Summit PLC

Independent auditor's report to the members of Dudley Summit PLC

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of the Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

We assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations by considering their experience, past performance and support available.

All engagement team members were briefed on relevant identified laws and regulations and potential fraud risks at the planning stage of the audit. Engagement team members were reminded to remain alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Dudley Summit PLC

Independent auditor's report to the members of Dudley Summit PLC

We obtained an understanding of the legal and regulatory frameworks that are applicable to the company, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The most relevant frameworks we identified include:

- UK Companies Act;
- Listing rules continuing obligations (Chapters 14, 17, 18, 19 and 20); and
- Financial Conduct Authority (FCA) rules.

We gained an understanding of how the company is complying with these laws and regulations by making enquiries of management and those charged with governance. We corroborated these enquiries through our review of any relevant correspondence with regulatory bodies and board meeting minutes.

We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by meeting with management and those charged with governance to understand where it was considered there was susceptibility to fraud. This evaluation also considered how management and those charged with governance were remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how management and those charged with governance oversee the implementation and operation of controls. In areas of the financial statements where the risks were considered to be higher, we performed procedures to address each identified risk.

In addition to the procedures outlined in our response to the identified key audit matters the following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

- reviewing minutes of meetings of those charged with governance for reference to breaches of laws and regulation or for any indication of any potential litigation and claims;
- enquiring of management and those charged with governance regarding the potential or known or suspected instances of non-compliance with laws and regulations, where they consider fraud is most likely to occur and extent of any litigation claims;
- assessing the completeness of interest receivable via recalculation per agreements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- performing audit work procedures over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing judgements made by management in their calculation of accounting estimates for potential management bias.

Our audit procedures were designed to respond to the risk of material misstatements in the financial statements, recognising that the risk of not detecting a material risk due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve intentional concealment, forgery, collusion, omission or misrepresentation. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

Other matters which we are required to address

We were appointed by the directors of Dudley Summit PLC on 2nd May 2019 and reconfirmed on 17th May 2021 to audit the financial statements for the year ending 31 March 2021. This is our third year on this engagement. The non-audit services prohibited by the FRC's Ethical Standard were not provided to the company and we remain independent of the company in conducting our audit. Our audit opinion is consistent with the additional report to the directors.

Dudley Summit PLC

Independent auditor's report to the members of Dudley Summit PLC

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in black ink, appearing to read "John Carmichael".

Grant Roger (Senior Statutory Auditor)
For and on behalf of Johnston Carmichael LLP
Chartered Accountants and Statutory Auditors
Edinburgh
29th September 2021

Dudley Summit PLC

Statement of comprehensive income for the year ended 31 March 2021

	Note	2021 £'000	2020 £'000
Interest receivable from group undertakings		8,115	9,932
Interest payable and similar expenses	3	<u>(8,115)</u>	<u>(9,932)</u>
Result before and after taxation		<u><u>-</u></u>	<u><u>-</u></u>

All results in the current and prior years derive from continuing operations.

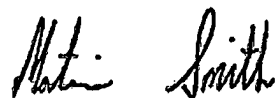
Dudley Summit PLC

Statement of financial position as at 31 March 2021

	Notes	2021 £'000	2020 £'000
Current assets			
Debtors: amounts falling due within one year	7	6,358	5,974
Debtors: amounts falling due after one year	7	136,154	139,793
		<u>142,512</u>	<u>145,767</u>
Creditors: amounts falling due within one year	8	<u>(6,358)</u>	<u>(5,974)</u>
Net current assets		<u>136,154</u>	<u>139,793</u>
Total assets less current liabilities		136,154	139,793
Creditors: amounts falling due after more than one year	9	<u>(136,104)</u>	<u>(139,743)</u>
Net assets		<u>50</u>	<u>50</u>
Capital and reserves			
Called up share capital	12	<u>50</u>	<u>50</u>
Shareholder's funds		<u>50</u>	<u>50</u>

The financial statements of Dudley Summit PLC, registered number 04180439, were approved by the Board of Directors and authorised for issue on the 29th September 2021.

Signed on behalf of the Board of Directors



Martin Smith
Director

Dudley Summit PLC

Statement of changes in equity for the year ended 31 March 2021

	Called up share capital £'000	Total equity £'000
At 1 April 2019	50	50
Result for the year	-	-
	<hr/>	<hr/>
Total comprehensive income	-	-
	<hr/>	<hr/>
At 31 March 2020	50	50
	<hr/>	<hr/>
At 1 April 2020	50	50
Result for the year	-	-
	<hr/>	<hr/>
Total comprehensive income	-	-
	<hr/>	<hr/>
At 31 March 2021	50	50
	<hr/>	<hr/>

Dudley Summit PLC

Notes to the financial statements for the year ended 31 March 2021

1. Accounting policies

Dudley Summit PLC is a public company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the company's registered office is shown on page 1.

The company's functional and presentational currency is the pound sterling. Monetary amounts in these financial statements are rounded to the nearest thousand.

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards. The particular accounting policies adopted are described below and have been applied consistently in the current and prior years, except as noted below:

(a) Going concern

The financial statements are prepared on a going concern basis. As disclosed on page 2 the directors consider that the company has adequate resources to continue in operational existence for the remainder of the concession.

When forming the opinion the directors have prepared a detailed model forecast within Projectco to the remainder of the concession incorporating the relevant terms of the PFI contract, subcontracts and Credit Agreement and reasonably prudent economic assumptions, this includes the repayment of all sums due to this company. This forecast and associated business model, which is updated regularly, predicts that the Projectco will be profitable and will have sufficient cash resources to operate within the terms of the PFI contract, Subcontract and Credit agreement. Therefore, the directors, having considered the financial position of Projectco and its impact on this company and its expected future cash flows, and have prepared the financial statements on a going concern basis. The directors confirm that they do not intend to liquidate the company or cease trading they consider they have realistic alternatives to doing so.

The directors confirm the completeness of the information provided regarding events and conditions relating to going concern at the date of approval of the financial statements, including plans for future actions.

The World Health Organisation declared the COVID-19 outbreak a health emergency on 30 January 2020 and a global pandemic on 11 March 2020. Many actions taken by the UK Government and the private sector to respond to the outbreak followed these announcements. A review of the financial impact on the Company in responding to COVID-19 has been assessed as low. This is because the Projectco is still able to provide the services required under the Project Agreement as the sub-contracted Facilities Management company are still able to provide the necessary services as the work is deemed to be essential and the persons delivering those services deemed to be key workers, as confirmed by a guidance note released by the Infrastructure and Projects Authority on 2 April 2020.

Since the COVID-19 outbreak, the Trust have continued making unitary payments in accordance with the guidance included in the Infrastructure and Projects Authority guidance note to Projectco. As a result of this Projectco is able to continue servicing all debts to the company.

(b) Accounting convention

The financial statements have been prepared in accordance with applicable UK law and accounting standards, the historical cost basis and with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions, mainly in relation to the presentation of a cash flow statement, reconciliation of any share movements in the year, and key management personnel compensation. The parent and controlling companies are detailed in note 14 below.

The company's parent undertaking has been notified of and did not object to the use of these disclosure exemptions.

(c) Finance costs

Finance costs of financial liabilities are recognised in the statement of comprehensive income over the term of such instruments at a constant rate on the carrying amount.

Dudley Summit PLC

Notes to the financial statements for the year ended 31 March 2021

1. Accounting policies (continued)

(d) Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

(e) Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

(f) Loans and receivables

Loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

(g) Impairments of financial assets

Financial assets, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit and loss.

(h) Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

(i) Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities are bank loans that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

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

(j) Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the obligation specified in the contract is discharged, cancelled, or expires.

(k) Bank debt policy

Interest-bearing bonds and bank loans are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the statement of comprehensive income using the effective interest method, and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Issue costs are amortised over the period of the borrowings in proportion to the scheduled principal repayments.

Dudley Summit PLC

Notes to the financial statements for the year ended 31 March 2021

1. Accounting policies (continued)

(l) Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items or income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

(m) Critical accounting policies and key judgements

The preparation of financial statements in conformity with FRS 102 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses.

(n) Estimates

The estimates and associated assumptions are based upon historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

As the underlying project outlook is profitable and revenue is being generated from a long-term government contract, the directors are confident that there will be no changes to the situation outlined above and in any event are confident that alternative replacement funding could be arranged if required. As such there is a reasonable expectation that all debt will be paid when due.

2. Administrative expenses

The £9k fee (2020: £8k) for the statutory audit of these financial statements is payable by Summit Healthcare (Dudley) Limited in both the current and prior years. Auditor's remuneration is paid to Johnston Carmichael LLP.

3. Interest payable and similar expenses

	2021 £'000	2020 £'000
Interest payable on bonds	(2,961)	(2,970)
Interest payable on loans	(2,371)	(2,456)
Indexation of outstanding capital:		
- Guaranteed secured bonds	(1,257)	(2,133)
- Loan	(1,089)	(1,911)
Other finance costs	(437)	(462)
	<u>(8,115)</u>	<u>(9,932)</u>

4. Taxation

There is no current or deferred tax liability for the year as the company incurred neither a taxable profit nor a loss (2020: £nil).

5. Directors' emoluments

No director received any payment during the year in respect of their services to the company (2020: £nil). Directors are appointed by the shareholders of the Company and are remunerated by the relevant Shareholder.

6. Staff Costs

The company had no employees during the year (2020: none).

Dudley Summit PLC

Notes to the financial statements for the year ended 31 March 2021

7. Debtors

	2021 £'000	2020 £'000
Debtors: amounts falling due within one year		
Prepayments and accrued income	195	200
Amounts due from fellow subsidiary undertaking	6,163	5,774
	<u>6,358</u>	<u>5,974</u>
Debtors: amounts falling due after one year		
Amounts due from fellow subsidiary undertaking	136,154	139,793
	<u>136,154</u>	<u>139,793</u>

8. Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Amounts due to fellow subsidiary undertaking	196	201
Guaranteed secured bonds (note 10)	1,806	1,611
Committed term loan facility (note 11)	4,356	4,162
	<u>6,358</u>	<u>5,974</u>

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

	2021 £'000	2020 £'000
Guaranteed secured bonds (note 10)	75,278	75,777
Committed term loan facility (note 11)	60,826	63,966
	<u>136,104</u>	<u>139,743</u>

10. Long-term bonds

	2021 £'000	2020 £'000
Not wholly repayable within five years:		
3.7772% Index-linked guaranteed secured bonds of £71,000,000, due 2038, repayable in six monthly instalments commencing March 2005	44,749	45,660
Bond indexation	32,335	31,728
	<u>77,084</u>	<u>77,388</u>
Amounts falling due:		
In less than one year	1,806	1,611
Between one and two years	1,830	1,877
Between two and five years	6,838	5,935
After five years	66,610	67,965
	<u>77,084</u>	<u>77,388</u>

Dudley Summit PLC

Notes to the financial statements for the year ended 31 March 2021

10. Long-term bonds (continued)

The terms of the bonds are such that all payments of principal and interest are indexed to retail price inflation. The payment schedule above is based on the net cost indexed principal outstanding at 31 March 2021 and the issue costs. The bond is secured under the terms of a Security Trust Deed on the assets and liabilities of the group. The bond costs are net of all issues costs £574,000 (2020, £586,000).

11. Long-term loan

	2021 £'000	2020 £'000
Not wholly repayable within five years:		
3.0716% Index-linked committed term facility of £70,000,000 due 2034, repayable in six monthly instalments commencing March 2005	37,846	40,703
Indexation on the loan	27,336	27,926
	<u>65,182</u>	<u>68,629</u>
Amounts falling due:		
In less than one year	4,356	4,192
Between one and two years	4,738	4,527
Between two and five years	16,849	16,195
After five years	39,239	43,685
	<u>65,182</u>	<u>68,829</u>

The terms of the loan are such that all payments of principal and interest are indexed to retail price inflation. The payment schedule above is based on the indexed principal outstanding as at 31 March 2021. The bond costs are net of all issues costs £471,000 (2020, £501,000). The loan is secured under the terms of a Security Trust Deed on the assets and liabilities of the company.

During late 2008 the credit rating of AMBAC (the Monoline Guarantor) declined which led to a 'Loss of Qualifying Status' under the finance agreement and represents a 'Guarantor Event of Default'. As disclosed on page 2, since November 2008 the European Investment Bank, the loan provider, whilst reserving the right to request a replacement guarantor, have not done so and therefore to date there is no default on the loan. EIB continues to make the loan available but have levied additional 'default' interest charges.12. Called up share capital

	2021 £'000	2020 £'000
Authorised:		
60,000 ordinary shares of £1 each	<u>60</u>	<u>60</u>
The company has 60,000 shares at £1 each which carry no rights to fixed income.		
Allotted, called up and fully paid		
50,000 ordinary shares of £1 each	<u>50</u>	<u>50</u>

The company has 50,000 shares at £1 each which carry no rights to income.

13. Other financial instruments

An explanation of the company's objectives, policies and strategies for the role of other financial instruments can be found in the Strategic Report and Accounting Policies note 1(e).

Dudley Summit PLC

Notes to the financial statements for the year ended 31 March 2021

The company issued the Guaranteed Secured Bonds in order to finance the design, build and operation of various hospital buildings under the Government's PFI Initiative.

Financial assets

The company's financial asset is the outstanding balance on its loan to its fellow subsidiary undertaking of £142.3million (2020: £145.6million). The floating rate financial asset comprise a 3.7772% RPI linked guaranteed secured bond and a 3.0716% RPI linked committed term loan facility. Indexation is applied to the outstanding bond and loan balance in March and September of each year.

Financial liabilities

The company's financial liabilities are its listed bonds and a committed term loan facility as described in notes 10 and 11 respectively, all of which are denominated in sterling.

The bonds and loan are floating rate financial liabilities comprising a 3.7772% RPI linked guaranteed secured bond, and a 3.0716% RPI linked committed term loan facility.

Both the listed bonds and term loan are classified as 'other financial liabilities' and have been retained at cost because this is materially similar to amortised cost.

Financial risk management

The book value of the listed bonds and committed term loan are matched against the amount due from a fellow subsidiary undertaking. Credit, liquidity, market, currency and capital risks for the group have been considered in detail in the financial statements of the parent company Summit Holdings (Dudley) Limited.

14. Parent undertaking and controlling parties

The company is a 100% subsidiary of Summit Holdings (Dudley) Limited, which is the largest and smallest company to consolidate the financial statements of the company. The registered office of the parent company is shown on Page 1.

Summit Holdings (Dudley) Limited is jointly owned and jointly controlled in equal shares by Browning PFI Holdings Limited, Aberdeen Infrastructure (No.3) Limited and Crimson Project Investments Limited.

Copies of the financial statements of Summit Holdings (Dudley) Limited can be obtained from Companies House, Crown Way, Cardiff CF14 3UZ.

15. Related parties

The company has taken advantage of the exemptions available to subsidiary undertakings under FRS 102 by not disclosing transactions with 100% wholly owned group qualifying companies as related parties.