

**PRIME CARE SOLUTIONS (KINGSTON) LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**



# PRIME CARE SOLUTIONS (KINGSTON) LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	G Mills A Thakrar G Pearce K O'Brien
<b>Company number</b>	04794356
<b>Registered office</b>	Third Floor, South Building 200 Aldersgate Street London EC1A 4HD
<b>Auditor</b>	BDO LLP 55 Baker Street London W1U 7EU
<b>Banker</b>	HSBC Bank PLC 8 Canada Square London E14 5HQ

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# **PRIME CARE SOLUTIONS (KINGSTON) LIMITED**

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# PRIME CARE SOLUTIONS (KINGSTON) LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2020

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The Directors present the strategic report for the year ended 31 December 2020.

#### Business Review

The principal activity of the Company is to design, build, finance and operate the Phase 5 development at the Kingston Hospital site, for the Kingston Hospital NHS Trust.

Financial Close was achieved on 23 November 2004. The concession period is 32 years.

Construction completed on 18 June 2007, when the operational phase of the development commenced.

The Company loss after taxation for the year is £86,000 (2019: loss of £774,000) and the net liabilities of the Company are £10,278,000 (2019: £10,535,000).

The loss has arisen due to costs incurred regarding a dispute with the Trust in relation to Service Failure Points for the prior year, more details of which are given in the Going Concern section of the Directors' Report below.

#### Principal risks and uncertainties

The Company's activities expose it to a number of financial risks including liquidity risk, interest rate risk, credit risk and lifecycle risk. These risks are further explained in the Directors' Report.

An event of default has arisen due to the ongoing dispute with the Trust, and consequently all bank debt and related derivative liabilities have been classified as falling due within one year.

#### Development and performance

The Directors are not aware, at the date of this report, of any major changes in the Company's activities in the next year. However, there remains an ongoing dispute with the Trust, further details of which are provided in the Going Concern section of the Directors' Report below.

#### Key performance indicators

The key performance indicator for the Company is the level of performance and unavailability deductions levied by the client, since this reflects the quality of the service being provided. During the prior year, the Company suffered significant Hard FM deductions in relation to Service Failure Points for October and November 2019, more details of which are given in the Going Concern section of the Directors' Report below.

On behalf of the board



.....  
A Thakrar

Director

11<sup>th</sup> October 2021.....

# PRIME CARE SOLUTIONS (KINGSTON) LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2020

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The Directors present their annual report and audited financial statements for the year ended 31 December 2020.

#### Principal activities

The principal activity of the Company continued to be operating the Phase 5 development at the Kingston Hospital site, for the Kingston Hospital NHS Trust.

There have been no significant changes in the Company's principal activities in the year under review.

The Company is wholly owned by Prime Care Solutions (Kingston) Holdings Limited whose ultimate parent company is Jura Holdings Limited.

#### Directors

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

G Mills

A Thakrar

G Pearce

K O'Brien

(appointed 29 September 2021)

(appointed 29 September 2021)

#### Going concern

During the prior year, the Trust instigated a sustained inspections regime and as a result logged a significant volume of reactive tasks relating to Hard FM onto the helpdesk. The level of deductions applied for was in excess of the Project Agreement termination thresholds, and also exceeded amounts able to be passed onto the Hard FM Sub-Contractor.

Following a period of negotiation, the Trust issued the Company with an invoice for Hard FM deductions in June 2020 relating to performance failure points for October and November 2019. Last year's financial statements reflected these deductions as a reduction in revenue and amounts receivable from the Trust.

The Trust then alleged further service failure issues in relation to Hard FM services for the period to March 2020 and levied additional financial deductions that again breached the default thresholds for termination, following which the Trust then issued an initial termination letter to the Funders with a termination date of 26th September 2020. Whilst the additional deductions were being disputed, the Trust withheld payment of the Company's monthly unitary charge invoices and instead paid the Soft FM Sub-Contractor directly to ensure that the provision of services continued satisfactorily.

A Standstill Agreement was signed on 17 November 2020, in which the Company, the Trust and the Funders (the 'Parties') committed to work together collaboratively and in a timely manner to resolve the existing disputes, ensure that priority works are carried out, and develop a long term solution to meet the requirements of all Parties. The Longstop Date for this Standstill Agreement was originally 31 January 2021 but has been subsequently extended and is currently 15 October 2021. During the standstill period it has been agreed that all Parties will reserve their rights under the relevant Funding and Project agreements.

Further to the ongoing dispute with the Trust and level of deductions made, the Company acknowledges that events of default as per the Funding Documents are continuing without being waived. Senior debt service payments due on 31 March 2021 were funded from amounts in the Debt Service Reserve Account, and again on 30 September 2021.

The Directors believe that the disputes will be resolved and a long-term solution will be achieved to enable the service concession agreement between the Trust and the Company to continue. They also believe that the lending bank will remain supportive whilst negotiations continue between the Company and the Trust.

# **PRIME CARE SOLUTIONS (KINGSTON) LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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### **Going concern (continued)**

The Directors have sought legal advice regarding insolvency as a result of the Company's current financial position and have reviewed cash flow forecasts for a period of twelve months from the date of approval of these financial statements, based on the terms of the Standstill Agreement, reflecting possible settlement arrangements and modifications to contractual terms that will form part of the Settlement Agreement. These indicate the Company will have adequate cash resources and consequently, the Directors have a reasonable expectation that the Company will continue in operational existence for the foreseeable future and will be able to meet its liabilities when they fall due.

For these reasons the Directors consider that it is appropriate to prepare the accounts on a going concern basis. However, the Settlement Agreement is still being negotiated and the events of default under the loan agreement are continuing and these matters, together with the circumstances set out above, indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

### **Coronavirus (Covid-19)**

We have considered the impact of Coronavirus (Covid-19) and based on our risk assessment are satisfied that this will not directly impact the Company's ability to meet its liabilities as they fall due over the next twelve months.

### **Results and dividends**

The results for the year are set out on page 9.

No ordinary dividends were paid. The Directors do not recommend payment of a final dividend.

### **Qualifying third party indemnity provisions**

The Company has made qualifying third party indemnity provisions for the benefit of its Directors during the year. These provisions remain in force at the reporting date.

### **Financial risk management objectives and policies**

#### **Liquidity risk**

The Company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the Company has sufficient liquid resources to meet the operating needs of the business. At the start of the PFI contract, the Company negotiated debt facilities with an external party to ensure that the Company has sufficient funds over the life of the PFI concession.

#### **Interest rate risk**

The Company's borrowings expose it to cash flow risk primarily due to the financial risks of changes in interest rates. The Company uses interest rate swaps to manage the risk and reduce its exposure to changes in interest rates.

#### **Credit risk**

The Company's principal financial assets are cash, financial assets and trade and other receivables. The Company's credit risk is primarily attributable to its trade receivables which are with one counterparty, although in the opinion of the board of directors this risk is limited as the receivables are with a local government authority.

#### **Lifecycle risk**

Lifecycle expenditure is the main risk to the business. The risk being that the allowance for lifecycle costs factored into the financial model is insufficient to cover future lifecycle expenditure, thus resulting in lower profitability and reduced distributions. This is mitigated by regular lifecycle reviews undertaken by the management services provider and a detailed lifecycle review performed every five years.

### **Future developments**

Other than the matter explained in the Going Concern section above, the Directors are not aware, at the date of this report, of any major changes in the Company's activities in the next year.

# PRIME CARE SOLUTIONS (KINGSTON) LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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### **Auditor**

BDO LLP were appointed as auditor to the Company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

### **Statement of disclosure to auditor**

Each of the Directors in office at the date of approval of this annual 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 section 418 of the Companies Act 2006.

On behalf of the board



.....  
A Thakrar

**Director**

Date: 11<sup>th</sup> October 2021.....

# **PRIME CARE SOLUTIONS (KINGSTON) LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 DECEMBER 2020***

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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.



# **PRIME CARE SOLUTIONS (KINGSTON) LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF PRIME CARE SOLUTIONS (KINGSTON) LIMITED**

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#### **Opinion on the financial statements**

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Prime Care Solutions (Kingston) Limited (the 'Company') for the year ended 31 December 2020 which comprise the statement of comprehensive income, the balance sheet, the 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 (United Kingdom Generally Accepted Accounting Practice).

#### **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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence*

We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### **Material uncertainty related to going concern**

We draw attention to note 1.2 to the financial statements which indicates the effects of the dispute with the Kingston Hospital NHS Trust (the Trust) relating to the level of Service Failure Points, the Settlement Agreement currently being negotiated with the Trust and the continuing events of default under the bank loan agreement on the Company's ability to continue as a going concern. As stated in note 1.2, these events or conditions, along with other matters as set out in note 1.2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. 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.

**PRIME CARE SOLUTIONS (KINGSTON) LIMITED**  
**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**  
**TO THE MEMBERS OF PRIME CARE SOLUTIONS (KINGSTON) LIMITED**

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**Other Companies Act 2006 reporting**

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

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

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 the Directors' report.

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

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

**Responsibilities of Directors**

As explained more fully in the Directors' responsibilities statement, 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 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 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 obtained an understanding of the Company's activities and considered the laws and regulations of the UK to be of significance in the context of the audit. In doing so, we made inquiries of the Directors, considered the Company's control environment as it pertains to compliance with laws and regulations and considered the activities of the Company. We determined the most significant laws and regulations to be Companies Act 2006, elements of the reporting framework and tax legislation.

# PRIME CARE SOLUTIONS (KINGSTON) LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF PRIME CARE SOLUTIONS (KINGSTON) LIMITED

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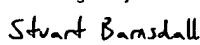
- We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.
- We made inquiries of the Directors to identify any instances of irregularities or non-compliance.
- We agreed the financial statement disclosures to underlying supporting documentation and performed detailed testing on accounts balances which were considered to be at a greater risk of susceptibility to fraud.
- In addressing risk of management override of control, we performed testing of general ledger journal entries to the financial statements, including verification of journals which we consider exhibit higher fraud risk characteristics based on our understanding of the Company.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. 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: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### Use of our report

This report is made solely to the Company's 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.

DocuSigned by:  
  
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Stuart Barnsdall (Senior Statutory Auditor)  
For and on behalf of BDO LLP, statutory auditor  
London

Date: 11 October 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# PRIME CARE SOLUTIONS (KINGSTON) LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £'000	2019 £'000
Turnover	3	15,032	10,994
Cost of sales		(14,961)	(11,806)
<b>Gross profit/(loss)</b>		<b>71</b>	<b>(812)</b>
Interest receivable and similar income	7	1,775	1,826
Interest payable and similar expenses	8	(1,952)	(1,981)
<b>Loss before taxation</b>		<b>(106)</b>	<b>(967)</b>
Tax on loss	9	20	193
<b>Loss for the financial year</b>		<b>(86)</b>	<b>(774)</b>
<b>Other comprehensive income</b>			
Cash flow hedges (loss)/gain arising in the year	12	67	980
Tax relating to other comprehensive (loss)/income	9	276	(167)
<b>Total comprehensive (loss)/income for the year</b>		<b>257</b>	<b>39</b>

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

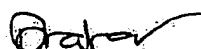
# PRIME CARE SOLUTIONS (KINGSTON) LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2020

		2020		2019	
	Notes	£'000	£'000	£'000	£'000
<b>Current assets</b>					
Debtors falling due after more than one year	10	25,269		25,806	
Debtors falling due within one year	10	10,290		9,334	
Cash at bank and in hand		2,545		927	
		38,104		36,067	
<b>Creditors: amounts falling due within one year</b>	11	(48,382)		(46,602)	
<b>Net liabilities</b>			(10,278)		(10,535)
<b>Capital and reserves</b>					
Called up share capital	14	10		10	
Hedging reserve	14	(11,650)		(11,993)	
Profit and loss reserves	14	1,362		1,448	
<b>Total shareholders' funds</b>			(10,278)		(10,535)

The financial statements were approved by the board of directors and authorised for issue on 11<sup>th</sup> October 2021 and are signed on its behalf by:



A Thakrar  
Director

Company Registration No. 04794356

**PRIME CARE SOLUTIONS (KINGSTON) LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

	Share capital	Hedging reserve	Profit and loss reserves	Total
	£'000	£'000	£'000	£'000
<b>Balance at 1 January 2019</b>	<u>10</u>	<u>(12,806)</u>	<u>2,222</u>	<u>(10,574)</u>
<b>Year ended 31 December 2019:</b>				
Loss for the year	-	-	(774)	(774)
Other comprehensive income:				
Cash flow hedges gains	-	980	-	980
Tax relating to other comprehensive income	-	(167)	-	(167)
	<u>-</u>	<u>813</u>	<u>(774)</u>	<u>39</u>
<b>Total comprehensive income for the year</b>	<u>-</u>	<u>813</u>	<u>(774)</u>	<u>39</u>
<b>Balance at 31 December 2019</b>	<u>10</u>	<u>(11,993)</u>	<u>1,448</u>	<u>(10,535)</u>
<b>Year ended 31 December 2020</b>				
Loss for the year	-	-	(86)	(86)
Other comprehensive income:				
Cash flow hedges gains	-	67	-	67
Tax relating to other comprehensive income	-	276	-	276
	<u>-</u>	<u>343</u>	<u>-</u>	<u>343</u>
<b>Total comprehensive income for the year</b>	<u>-</u>	<u>343</u>	<u>-</u>	<u>343</u>
<b>Balance at 31 December 2020</b>	<u>10</u>	<u>(11,650)</u>	<u>1,362</u>	<u>(10,278)</u>

# PRIME CARE SOLUTIONS (KINGSTON) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

### 1 Accounting policies

#### Company information

Prime Care Solutions (Kingston) Limited is a private company limited by shares, domiciled and incorporated in the United Kingdom and registered in England and Wales. The registered office is 3rd Floor, South Building, 200 Aldersgate Street, London, EC1A 4HD.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;

- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;

- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Prime Care Solutions

#### 1.2 Going concern

The financial statements are prepared on a going concern basis notwithstanding that during the prior year the level of service provided by the Hard FM sub-contractor gave rise to Service Failure Points that exceeded threshold levels within various contract documents. This led to purported warning notices from the Trust to the Company, and warning notices issued in turn from the Company to the Service Provider as well as triggering Events of Default in the finance documents governing the lending.

The implications of an Event of Default are that the Majority Creditors have a number of rights/remedies available to them which include requiring that the amounts owing under the Finance Documents are immediately repaid in full. In the balance sheet at 31 December 2020, all outstanding amounts under the senior and junior loans have therefore been classified as a current liability as the Company does not have an unconditional right to avoid repayment for at least 12 months at the balance sheet date.

The company's ongoing dispute with the Kingston Hospital NHS Trust (the Trust), and subsequent Event of Default under the Finance Documents are detailed in the Directors Report. The Directors believe that the dispute will be resolved and a long term solution will be achieved to enable the service concession agreement between the Trust and the company to continue. They also believe that the lending bank will remain supportive whilst negotiations continue between the company and the Trust.

# **PRIME CARE SOLUTIONS (KINGSTON) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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### **1.2 Going concern (continued)**

The Directors have sought legal advice regarding insolvency and have reviewed cash flow forecasts for a period of twelve months from the date of approval of these financial statements based on the terms of the Standstill Agreement dated 17 November 2020, reflecting possible settlement arrangements and modifications to contractual terms that will form part of the Settlement Agreement. These indicate the company will have adequate cash resources and consequently, the Directors have a reasonable expectation that the Company will continue in operational existence for the foreseeable future and will be able to meet its liabilities when they fall due.

For these reasons the Directors consider that it is appropriate to prepare the accounts on a going concern basis. However, the Settlement Agreement is still being negotiated and the events of default under the bank loan agreement are continuing and these matters, together with the circumstances set out above indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. These financial statements do not include the adjustments that would be necessary should the Company be unable to continue as a going concern.

The Directors have also considered the potential impact to the business from the effects of the current pandemic (Covid-19) and have put in place plans to mitigate the currently known, and potential risks to business continuity. The unitary charge income received from the local authority is highly predictable and the content of the Cabinet Office Policy Note PPN 02/20 indicates that public bodies will continue to pay their suppliers, the directors do not believe that there is any material risk to income or cashflows arising from the pandemic.

### **1.3 Turnover**

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Income received in respect of the service concession is allocated between revenue and capital repayment of, and interest income on, the PFI financial asset using the effective interest rate method. Service revenue is recognised as a margin on non-pass-through operating and maintenance costs.

Pass through income represents the direct pass through of recoverable costs, as specified in the Project Agreement. Variation income relates to the recharge of costs incurred for the alteration of the facilities or the services provided, requested by the Authority.

### **1.4 Cash and cash equivalents**

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

### **1.5 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 balance sheet when the Company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the balance sheet, 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.



**PRIME CARE SOLUTIONS (KINGSTON) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

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**1 Accounting policies (continued)**

***Basic financial assets***

Basic financial assets, which include debtors, cash and bank balances and other financial assets, 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. Financial assets classified as receivable within one year are not amortised.

***Other financial assets***

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

***Loan and receivables***

Trade debtors, 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.

***Service concession***

The Company is a special purpose entity that has been established to provide services under certain private finance agreements with Kingston Hospital NHS Trust. Under the terms of these Agreements, the Kingston Hospital NHS Trust (as grantor) controls the services to be provided by the Company over the contract term. Based on the contractual arrangements the Company has classified the project as a service concession arrangement, and has accounted for the principal assets of, and income streams from, the project in accordance with FRS 102, Section 34.12 Service Concession Arrangements.

The Company has chosen to adopt the transitional arrangements available within FRS 102, Section 35.10(i) and as such the service concession arrangement has continued to be accounted for using the same accounting policies being applied prior to the date of transition to FRS 102 (1 January 2014). The nature of the asset has therefore not changed; however, there was a change in the description from Finance Debtor to Financial Asset.

Under the terms of the arrangement, the Company has the right to receive a baseline contractual payment stream for the provision of the services from or at the direction of the grantor (the Trust), and as such the asset is accounted for as a financial asset. The financial asset has initially been recognised at the fair value of the consideration received, based on the fair value of the construction (or upgrade) services, plus any directly attributable transaction costs, provided in line with FRS 102.

***Impairment 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. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

**PRIME CARE SOLUTIONS (KINGSTON) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

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**1 Accounting policies (continued)**

***Impairment of financial assets (continued)***

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

***Derecognition of financial assets***

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

***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 Company after deducting all of its liabilities.

***Basic financial liabilities***

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares 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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. The effective interest rate method is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument.

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

***Other financial liabilities***

Derivatives, including interest rate and RPI swaps, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

***Derecognition of financial liabilities***

Financial liabilities are derecognised when the Company's contractual obligations expire or are discharged or cancelled.

# PRIME CARE SOLUTIONS (KINGSTON) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 1 Accounting policies (continued)

##### 1.6 Equity instruments

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

##### 1.7 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in the statement of comprehensive income immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the statement of comprehensive income depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

The Company does not hold or issue derivative financial instruments for speculative purposes.

##### 1.8 Hedge accounting

The Company designates certain hedging instruments, including derivatives, embedded derivatives and non-derivatives, as either fair value hedges or cash flow hedges.

At the inception of the hedge relationship, the Company documents the relationship between the hedging instrument and the hedged item along with risk management objectives and strategy for undertaking various hedge transactions. At the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item.

###### Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income.

The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to the statement of comprehensive income in the periods when the hedged item is recognised in the statement of comprehensive income in the same line as the recognised hedged item. However when the forecast transaction that is hedged results in the recognition of a non-financial asset or liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability concerned.

##### 1.9 Taxation

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

###### Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

**PRIME CARE SOLUTIONS (KINGSTON) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

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**1 Accounting policies (continued)**

***Deferred tax***

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

**2 Judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

**Critical judgements**

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

***Hedge accounting***

The Directors consider the Company to have met the criteria for cash flow hedge accounting; the Company has therefore recognised fair value movements on derivatives in effective hedging relationships through other comprehensive income as well as the deferred tax thereon.

**PRIME CARE SOLUTIONS (KINGSTON) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**2 Judgements and key sources of estimation uncertainty (continued)**

**Key sources of estimation uncertainty**

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

**Valuation of derivative financial instruments**

The Directors use their judgement in selecting a suitable valuation technique for derivative financial instruments. All derivative financial instruments are valued at the mark to market valuation provided by the derivative counterparty. In these cases, the Company uses valuation techniques to assess the reasonableness of the valuation provided by the derivative counterparty. These techniques use a discounted cash flow analysis based on market observable inputs derived from similar instruments in similar and active markets. The fair value of derivative financial instruments at the balance sheet date was a liability of £14,709,000 (2019: £14,745,000 liability). The Directors do not consider the impact of own credit risk to be material.

**Service concession arrangement**

As disclosed in Note 1, the Company accounts for the project as a service concession arrangement. The Directors use their judgement in selecting the appropriate financial asset rate to be applied in order to allocate the income received between revenue, and capital repayment of and interest income on the financial asset; and also the service margin that is used to recognise service revenue. The Directors have also used their judgement in assessing the appropriateness of the future maintenance costs that are included in the Company's forecasts. The Directors will continue to monitor the condition of the assets and undertake a regular review of maintenance spend.

**3 Turnover and other revenue**

An analysis of the Company's turnover is as follows:

	2020 £'000	2019 £'000
<b>Turnover analysed by class of business</b>		
Service Fee income	12,737	12,110
Passthrough income	2,295	(1,116)
	<u>15,032</u>	<u>10,994</u>
	2020 £'000	2019 £'000
<b>Turnover analysed by geographical market</b>		
United Kingdom	<u>15,032</u>	<u>10,994</u>

**PRIME CARE SOLUTIONS (KINGSTON) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**4 Auditor's remuneration**

	2020 £'000	2019 £'000
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the Company and the Company's parent company	22	16

Auditor's remuneration is payable to BDO LLP (2019: BDO LLP).

**5 Employees**

The Company had no employees during the current or prior year.

**6 Directors' remuneration**

No directors received any remuneration for services to the Company during the current or prior year.

**7 Interest receivable and similar income**

	2020 £'000	2019 £'000
<b>Interest income</b>		
Interest on bank deposits	6	1
Interest receivable on financial asset	1,769	1,825
Total income	1,775	1,826

**8 Interest payable and similar expenses**

	2020 £'000	2019 £'000
Interest on bank overdrafts and loans	1,586	1,642
Interest payable to parent undertakings	366	339
Total interest expense	1,952	1,981

**9 Taxation**

	2020 £'000	2019 £'000
<b>Current tax</b>		
UK corporation tax on losses for the current period	-	9
<b>Deferred tax</b>		
Origination and reversal of timing differences	20	184
Total tax credit	20	193

**PRIME CARE SOLUTIONS (KINGSTON) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**9 Taxation (continued)**

For the year ended 31 December 2020, the UK corporation tax rate of 19% is applied.

At Budget 2020, the government announced that the Corporation Tax main rate for the years starting 1 April 2020 and 2021 would remain at 19% rather than reducing to 17% as had been substantively enacted in the Finance Act 2016 on 6 September 2016, and this 19% rate has therefore been reflected in the calculation of deferred tax at the balance sheet date.

The actual credit for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2020 £'000	2019 £'000
Loss before taxation	(106)	(967)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	(20)	(184)
Adjustments in respect of prior years	-	(9)
Taxation credit for the year	(20)	(193)

In addition to the amount credited to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2020 £'000	2019 £'000
Deferred tax arising on:		
Revaluation of financial instruments treated as cash flow hedges	(276)	167

**10 Debtors**

	2020 £'000	2019 £'000
<b>Amounts falling due within one year:</b>		
Trade debtors	2,805	14
Corporation tax recoverable	131	81
Financial asset	836	777
Other financial assets	-	2,359
Unitary charge control account	4,855	4,777
Prepayments and accrued income	1,663	1,326
	10,290	9,334

**PRIME CARE SOLUTIONS (KINGSTON) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**10 Debtors (continued)**

		<b>2020</b>	<b>2019</b>
	<b>Notes</b>	<b>£'000</b>	<b>£'000</b>
<b>Amounts falling due after more than one year:</b>			
Financial asset		22,332	23,166
Deferred tax asset	<b>13</b>	2,937	2,640
		<u>25,269</u>	<u>25,806</u>
<b>Total debtors</b>		<u>35,559</u>	<u>35,140</u>

**11 Creditors: amounts falling due within one year**

		<b>2020</b>	<b>2019</b>
	<b>Notes</b>	<b>£'000</b>	<b>£'000</b>
Bank loans	<b>12</b>	24,369	25,149
Trade creditors		3,892	2,284
Amounts owed to parent undertakings	<b>12</b>	4,121	3,763
Taxation		118	48
Derivative financial instruments measured at fair value through profit or loss		14,709	14,745
Bank loan accrued interest		61	110
Interest payable to parent undertakings		94	85
Accruals and deferred income		1,018	418
		<u>48,382</u>	<u>46,602</u>

Derivative financial instruments

In November 2004 and March 2006, as part of its interest rate management and in accordance with the terms of its credit agreement, the Company entered into an interest rate and RPI swap maturing on 29 September 2034 and 30 September 2036 respectively. Under the interest rate swap, the Company receives interest on a variable basis and pays interest at a fixed rate of 4.97%. Under the RPI swap, the Company receives income on a fixed rate of 2.65% and pays on a variable basis.

The fair value of the derivative financial instruments above comprises the fair value of the interest rate and RPI swaps designated in an effective hedging relationship. The interest rate and RPI swap contracts were designated as a cash flow hedge of variable interest rate and RPI risk of the Company's floating rate borrowings and a portion of its income respectively. The hedged cash flows are expected to occur and to affect profit or loss over the period to maturity of the interest rate and RPI swaps. The hedge was highly effective in the current and prior period and 100% of the change in fair value of the interest rate and RPI was recognised in other comprehensive income in the period. In 2020 a gain of £67,000 was recognised (2019: a gain of £980,000).



**PRIME CARE SOLUTIONS (KINGSTON) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**12 Loans and overdrafts**

	2020 £'000	2019 £'000
Bank loans	24,369	25,149
Loans from parent undertakings	4,121	3,763
	<u>28,490</u>	<u>28,912</u>
Payable within one year	28,490	28,912
	<u>28,490</u>	<u>28,912</u>

The loans are secured by a fixed and floating charge over all the assets of the Company and a charge over the shares of the Company.

Bank loans

The Company has a facility provided by NIB Capital N.V in order to finance the construction of the project. The loan is repayable in 55 consecutive semi-annual instalments.

Interest on the facility is charged at LIBOR plus a margin of 1%. The Company has entered into fixed interest rate swaps to mitigate its interest rate exposure. The fixed interest rate on the facility, after taking into consideration the swap, is 4.98% during the operational phase.

Subordinated debt

At the year end, the Company owed £4,121,000 (2019: £3,763,000) in loans to its shareholders, Palio (No 3) Limited and Dolphin One Limited. The subordinated debt is unsecured and is subject to interest at 9.00%. Accrued interest of £94,000 was outstanding at 31 December 2020 (2019: £85,000). The debt is repayable by instalments from surplus funds to 2036.

**13 Deferred taxation**

Deferred tax assets and liabilities are offset where the Company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Assets 2020 £'000	Assets 2019 £'000
<b>Balances:</b>		
Tax losses	204	184
Deferred tax on interest rate and RPI swap fair value	2,733	2,456
	<u>2,937</u>	<u>2,640</u>
<b>Movements in the year:</b>	2020 £'000	2019 £'000
Asset at 1 January	2,640	2,623
Credit to profit or loss	20	184
Charge to other comprehensive income	277	(167)
Asset at 31 December	<u>2,937</u>	<u>2,640</u>

**PRIME CARE SOLUTIONS (KINGSTON) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**14 Share capital**

	2020	2019
	£'000	£'000
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
10,000 Ordinary shares of £1 each	10	10

**Other reserves**

The Company's other reserves are as follows:

The profit and loss reserve represents cumulative profits or losses.

The hedging reserve represents the cumulative portion of gains and losses on hedging instruments deemed effective in hedging variable interest rate risk of recognised financial instruments. Amounts accumulated in this reserve are reclassified to profit or loss in the periods in which the hedged item affects profit or loss or when the hedging relationship ends.

**15 Related party transactions**

**Transactions with related parties**

During the year the Company entered into the following transactions with related parties:

	<b>Jura Holdings Limited</b>		<b>Dolphin One Limited</b>	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Subordinated debt interest payable	220	203	146	135
Accrual outstanding at 31 December	56	51	38	34
Subordinated debt outstanding at 31 December	2,473	2,258	1,648	1,505

No guarantees have been given or received.

The Company is a wholly owned subsidiary of Prime Care Solutions (Kingston) Holdings Limited, which in turn is owned 60% by Palio (No 3) Limited, a subsidiary company of Jura Holdings Limited and 40% held by Dolphin One Limited, a wholly owned subsidiary of Costain Group Pension Scheme Trustee Limited.

**16 Ultimate controlling party**

The immediate parent company is Prime Care Solutions (Kingston) Holdings Limited which is a joint venture between Palio (No 3) Limited, a wholly owned subsidiary of Jura Holdings Limited and Dolphin One Limited, a wholly owned subsidiary of Costain Group Pension Scheme Trustee Limited, who jointly control the Company. Both of these companies are incorporated in Great Britain and registered in England and Wales. The Directors consider there to be no ultimate controlling company.

## **PRIME CARE SOLUTIONS (KINGSTON) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

***FOR THE YEAR ENDED 31 DECEMBER 2020***

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#### **17 Contingent liability**

As explained in the Director's Report the Company is currently working in accordance with the provisions of the Standstill Agreement to resolve the dispute with the Trust in respect of service failure issues. The Directors have provided in these financial statements for their estimate of the cost of the dispute as at 31 December 2020. Further costs may arise in subsequent periods as a result of this dispute and it is not currently possible to make a reliable estimate of such costs.