

Directors' Report and
Audited Financial Statements for the Year Ended 31 December 2021
for
Consort Healthcare (Tameside)
Intermediate Limited



**Contents of the Financial Statements
for the year ended 31 December 2021**

	Page
Company Information	1
Directors' Report	2
Statement of Directors' Responsibilities	6
Independent Auditor's Report	7
Profit and Loss Account and Other Comprehensive Income	11
Balance Sheet	12
Statement of Changes in Equity	13
Notes to the Financial Statements	14

**Consort Healthcare (Tameside)
Intermediate Limited**

**Company Information
for the year ended 31 December 2021**

Directors:

S A Exell
M Holden

Registered office:

C/o Albany SPC Services Ltd
3-5 Charlotte Street
Manchester
M1 4HB

Registered number:

06156683 (England and Wales)

Independent auditor:

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

**Consort Healthcare (Tameside)
Intermediate Limited (Registered number: 06156683)**

**Directors' Report
for the year ended 31 December 2021**

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

This Directors' Report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption and have taken the exemption not to produce a strategic report.

Principal activities

The Company's principal activity is providing financing to its fellow group member Consort Healthcare (Tameside) Plc.

Results

The profit for the financial year for the year is £Nil (2020 result: £Nil) as set out in the statement of comprehensive income on page 11. The retained earnings at 31 December 2021 are £Nil (2020: £Nil) as per the balance sheet on page 12.

Dividends

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

Events since the end of the year

Information relating to events since the end of the year is given in the notes to the financial statements (Note 19).

Directors

The directors shown below have held office during the whole of the period from 1 January 2021 to the date of this report.

S A Exell
M Holden

Other changes in directors holding office are as follows:

D A J Foot ceased to be a director after 31 December 2021 but prior to the date of this report.

D A J Foot resigned on 9th March 2022.

The directors holding office at 31 December 2021 did not hold any beneficial interest in the issued share capital of the Company at 1 January 2021 or 31 December 2021.

Directors' indemnity insurance

Certain directors benefit from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Political donations and expenditure

There have been no political donations or political expenditure made during the year (2020: No such expenditure).

Financial instruments

The Company's principal financial instruments (Note 14) comprises of an index-linked subordinated debt.

The Company is reliant on its fellow group member Consort Healthcare (Tameside) Plc to ensure it can meet its liabilities as they fall due. The Company's debt is subject to indexation risk, but this is mitigated as the loan to Consort Healthcare (Tameside) Plc is also linked to inflation.

The Company does not undertake financial instrument transactions which are speculative or unrelated to the Company's trading activities.

The main risks arising from the Company's financial instruments are inflation rate risk, credit risk and liquidity risk.

**Consort Healthcare (Tameside)
Intermediate Limited (Registered number: 06156683)**

**Directors' Report
for the year ended 31 December 2021**

Financial instruments

Credit risk

Subject to our comments in the 'Going Concern' section below, the Company has on-loaned debt to fellow group member Consort Healthcare (Tameside) Plc, a company that has long-term contracts with the Tameside Hospital NHS Foundation Trust and therefore considers the risk of being unable to recover the debtor balance to be low.

Going concern

Tameside and Glossop Integrated Care NHS Foundation Trust (the 'Trust') issued a letter to Consort Healthcare (Tameside) Plc (the 'Project Co') regarding alleged ongoing service failure and defect issues in respect of historic fire stopping defects. As a consequence of these issues, the Trust has made financial deductions of £976,000 in respect of 2021 performance (£847,000 in 2020) and has continued to make financial deductions in relation to these issues in 2022. In addition, under the terms of the Project Agreement, service failure points ('SFPs') have been awarded by the Trust in relation to 2020, 2021 and 2022 against Project Co. Project Co does not accept that all of these deductions or SFPs are in accordance with the Project Agreement and has obtained legal and expert advice. The quantum of the SFPs under dispute, if agreed in the Trust's favour, would lead to an Event of Default under the terms of the Bond financing agreements (The 'Finance Documents') and would allow the Trust to terminate the Project Agreement.

Project Co offered a settlement which has been rejected by the Trust in favour of an adjudication in conjunction with a new Standstill Agreement which postpones further deductions being made. The Trust has given no indication to the directors that they intend to assert their rights to terminate the Project Agreement, and has indicated that the Trust is committed to reaching a solution with Project Co and ensuring the viability of the Project.

At the date of signing this report, a Standstill Agreement has been signed by Project Co and the Trust, allowing time for an adjudication to resolve the disputed deductions and SFPs, and the possibility for a revised settlement to be agreed. Recent financial models forecast an estimate of the costs to which the Project Co is currently committed. This forecasts a potential deficit. As of 31 December 2021, the cash at hand balance of £7.4m consists of £5.4m which is held in reserve accounts; these are contractual reserves which are held in security. With consent by the Security Trustee, it may be possible to utilise the contractual reserves to fund the deficit if required.

As a result of the deductions levied by the Trust, Project Co is currently in default in respect of its Debt Service Cover Ratio ("DSCR"). As the DSCR isn't calculated until October 2022 Project Co is currently also forecasting a breach of the covenants in September 2022 and March 2023. As a result, the Controlling Creditor has a right to full repayment of the outstanding borrowings, indicating the existence of a material uncertainty which may cast significant doubt about the Project Co's ability to continue as a going concern due to insufficient funds to repay the full debt immediately. The Directors are in regular and continuing discussions with the Controlling Creditor who is aware of the situation and is seeking to resolve this matter. The Directors have discussed the above circumstances with the Controlling Creditor and received assurances, although not legally binding, that the Controlling Creditor does not currently intend to call in the balances owed to it as a result of the default DSCR.

Project Co has a standard listing of debt securities on the London Stock Exchange, for which it must approve and publish its annual report and accounts within six months of the end of the financial period to which they relate. Due to the time which has been required to agree the Standstill Agreement referred to above and a further standstill agreement (both of which postpone further deductions being made), there was some uncertainty as to the Project Co's going concern position and related disclosures required in the annual report and accounts, and as a result the Project Co was unable to meet the 30 June 2022 deadline. Project Co was in breach of the Listing Rules and the Disclosure and Transparency Rules ('DTR') of the Financial Conduct Authority ('FCA') as a result of the late filing of those financial statements and therefore the Project Co requested that the listing be suspended, which occurred on 18 July 2022. The annual report and accounts were finalised and signed on 23 July 2022 and the FCA lifted the suspension on 18 August 2022.

Project Co has since filed the financial statements required and the listing has now been reinstated.

Furthermore, as a result of the material uncertainty described above, Project Co is 'locked up', meaning that no shareholder payments could be made until September 2024 at the earliest.

**Consort Healthcare (Tameside)
Intermediate Limited (Registered number: 06156683)**

**Directors' Report
for the year ended 31 December 2021**

Going concern (continued)

In addition to the above consideration regarding Project Co's DSCR covenant, the Directors have reviewed Project Co's projected profits and cash flows by reference to a financial model covering accounting periods up to September 2041. The Project Co has long-term contracts with the Trust. As a consequence, the Directors believe that Project Co is well placed to manage its remaining business risks successfully assuming a conclusion of the disputes reflective of the stated aims of the parties to reach a mutually agreeable resolution.

Project Co currently has £90,525,000 (2020: £92,072,000) of total debt. Whilst it has net liabilities of £501,000 in 2021 (2020: £669,000).

After making enquiries, the directors have a reasonable expectation that Project Co has adequate resources to continue in operational existence for at least twelve months from the date of signing these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements. However, due to the further risk of an Event of Default highlighted above, there exists multiple layered material uncertainties which may cast significant doubt about Project Co's ability to continue as a going concern. The financial statements do not include the adjustments that would result if Project Co was unable to continue as a going concern. If Project Co fails to continue as a going concern this will directly impact Consort Healthcare (Tameside) Intermediate Limited which may cast doubt on its ability to also continue as a going concern.

Covid-19

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 have been taken by the UK Government and the private sector has responded to the outbreak following these announcements. A review of the financial impact on the Project Co in responding to COVID-19 has been assessed as low. This is because the Project Co is still able to provide the services required under the Project Agreement as the sub-contracted Facilities Management Project Co is still able to provide the necessary services, as the work is deemed to be essential and the persons delivering those services are deemed to be key workers.

Internal control and corporate governance

The directors are responsible for the Company's system of internal control and for reviewing its effectiveness. They recognise the importance of a robust control environment to mitigate the key risks of the Company and they consider that the material risks are managed adequately. Responsibility for overseeing the interpretation of this rests with the Audit Committee.

The MSA provider on behalf of the directors has designed the Company's system of internal control in order to provide the shareholders with assurance that its assets are safeguarded, that transactions are authorised and properly recorded and that material errors and irregularities are either prevented or would be detected within a timely period. However, no system of internal control can eliminate the risk of failure to achieve business objectives or provide absolute assurance against material misstatement or loss.

There are no significant issues for the year ended 31 December 2021 that have required the Board to deal with any related material internal control issues.

The directors confirm that the Board has reviewed the effectiveness of the system of internal control as described during the period and confirms that the systems and controls that are currently in place are considered sufficient to be satisfied that all key risks to the business are adequately managed and mitigated.

**Consort Healthcare (Tameside)
Intermediate Limited (Registered number: 06156683)**

**Directors' Report
for the year ended 31 December 2021**

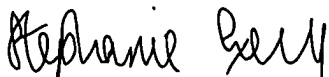
Statement as to disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that so far as they are each aware there is no relevant audit information (as defined by section 418 of the Companies Act 2006) of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company auditors are aware of that information.

Independent Auditor

During the year, KPMG resigned and Johnston Carmichael LLP were appointed. The auditor, Johnston Carmichael LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

On behalf of the board:



.....
S A Exell - Director

Date: 30/9/22

**Statement of Directors' Responsibilities
for the year ended 31 December 2021**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under Company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

**Independent Auditor's Report to the Members of
Consort Healthcare (Tameside)
Intermediate Limited (Registered number: 06156683)**

Disclaimer of opinion

We were engaged to audit the financial statements of Consort Healthcare (Tameside) Intermediate Limited (the 'company') for the year ended 31 December 2021 which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and notes to the financial statements, including 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'.

We do not express an opinion on the accompanying financial statements of the company. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

The company is dependent on Consort Healthcare (Tameside) Plc (Project Co), a fellow group company with common Directors, generating sufficient cashflows to settle the payments of principal and interest on the onward loan of the funding which the company raised.

The Project Co has a service concession agreement with Tameside and Glossop Integrated Care NHS Foundation Trust (the 'Trust'). Under the project agreement, the Trust has alleged service failure and defect issues in respect of historic defects.

In forming their assessment on the appropriateness of preparing the company's financial statements on the going concern basis the Directors have identified multiple material uncertainties in relation to Project Co, including the following:

- The Project Co is currently in default, and forecasts to continue to be in default within the next twelve-month period, in respect of its debt service cover ratio as a result of the level of deductions levied by the Trust, and therefore the controlling creditor has the right to full repayment of outstanding borrowings;
- The quantum of service failure points if agreed in favour of the Trust would lead to an event of default under the terms of the Project Co's bond financing agreements and would allow the Trust to terminate the project agreement;
- A contingent liability has been recognised within the Project Co financial statements in relation to settlement and further rectification costs in relation to service failure and defect issues in respect of historic defects. These costs cannot be estimated reliably however are forecast to result in a potential deficit within the twelve-month period from the date of signing these financial statements; and
- The use of contractual reserves to fund the Project Co forecast deficit is subject to approval from the Security Trustee which has not been secured.

The Directors have concluded that as a result of the company's dependence on Project Co, these events or conditions indicate that multiple material uncertainties exist that may cast significant doubt on the company's ability to continue as a going concern.

Due to the potential interaction of the individual material uncertainties and their possible cumulative effect on the financial statements we are unable to form an opinion on the financial statements.

**Independent Auditor's Report to the Members of
Consort Healthcare (Tameside)
Intermediate Limited (Registered number: 06156683)**

Opinions on other matters prescribed by the Companies Act 2006

Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have been unable to form an opinion, whether based on the work undertaken in the course of the audit:

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

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:

- 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.

Matters on which we are required to report by exception

Notwithstanding our disclaimer of opinion on the financial statements, in the light of the knowledge and understanding of the company and its environment obtained in the course of the audit performed subject to the pervasive limitation described above, we have not identified material misstatements in the Directors' Report.

Arising from the limitation of our work referred to above:

- we have not obtained all the information and explanation that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records have been kept.

Responsibilities of 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 responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the company's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report.

However, because of the matter described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

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, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**Independent Auditor's Report to the Members of
Consort Healthcare (Tameside)
Intermediate Limited (Registered number: 06156683)**

Extent 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.

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

- Companies Act 2006;
- UK Accounting Standards, Financial Reporting Standard 102; and
- UK corporation taxes legislation.

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 above, 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; and events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud;
- Reviewing the level of and reasoning behind the company's procurement of legal and professional services;
- 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; and
- Agreement of the financial statement disclosures to supporting documentation.

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 misstatement 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-

**Independent Auditor's Report to the Members of
Consort Healthcare (Tameside)
Intermediate Limited (Registered number: 06156683)**

compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

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.

Johnston Carmichael LLP

**Allison Dalton (Senior Statutory Auditor)
For and on behalf of Johnston Carmichael LLP**

30 September 2022
.....

**Chartered Accountants
Statutory Auditor**

**7-11 Melville Street
Edinburgh
EH3 7PE**

**Consort Healthcare (Tameside)
Intermediate Limited (Registered number: 06156683)**

**Profit and Loss Account and Other Comprehensive Income
for the year ended 31 December 2021**

	Notes	2021 £'000	2020 £'000
Turnover		-	-
Operating profit		-	-
Interest receivable and similar income	4	1,118	1,830
		1,118	1,830
Interest payable and similar expenses	5	(1,118)	(1,830)
Profit before taxation		-	-
Tax on profit	6	-	-
Profit for the financial year		-	-
Other comprehensive income		-	-
Total comprehensive income for the year		-	-

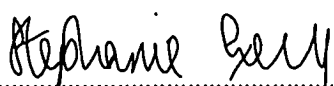
The notes on pages 14 to 21 form part of these financial statements

Consort Healthcare (Tameside)
Intermediate Limited (Registered number: 06156683)

Balance Sheet
31 December 2021

	Notes	2021 £'000	2020 £'000
Fixed assets			
Investments	8	-	-
Current assets			
Debtors: amounts falling due within one year	9	1,431	314
Debtors: amounts falling due after more than one year	9	10,003	9,997
		<u>11,434</u>	<u>10,311</u>
Creditors: amounts falling due within one year	10	(1,431)	(314)
Net current assets		<u>10,003</u>	<u>9,997</u>
Total assets less current liabilities		<u>10,003</u>	<u>9,997</u>
Creditors: amounts falling due after more than one year	11	(10,003)	(9,997)
Net liabilities		<u>-</u>	<u>-</u>
Capital and reserves		<u>-</u>	<u>-</u>

The financial statements were approved by the Board of Directors and authorised for issue on30/9/22..... and were signed on its behalf by:



S A Exell - Director

**Consort Healthcare (Tameside)
Intermediate Limited (Registered number: 06156683)**

**Statement of Changes in Equity
for the year ended 31 December 2021**

	Retained earnings £'000	Total equity £'000
Changes in equity		
Profit for the year	-	-
	<hr/>	<hr/>
Balance at 31 December 2020	-	-
	<hr/>	<hr/>
Changes in equity		
Profit for the year	-	-
	<hr/>	<hr/>
Total transactions with owners, recognised directly in equity	-	-
	<hr/>	<hr/>
Balance at 31 December 2021	-	-
	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 14 to 21 form part of these financial statements

**Notes to the Financial Statements
for the year ended 31 December 2021**

1. Statutory information

Consort Healthcare (Tameside) Intermediate Limited is a private Company limited by shares incorporated in the UK and registered in England and Wales. The Company's registered number and registered office address can be found on the Company Information page.

2. Accounting policies

Basis of preparing the financial statements

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") and the Companies Act 2006. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's ultimate parent undertaking, Consort Healthcare (Tameside) Holdings Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Consort Healthcare (Tameside) Holdings Limited are prepared in accordance with FRS102 and are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Measurement convention

The financial statements are prepared on the historical cost basis.

Financial Reporting Standard 102 - Reduced Disclosure Exemptions

In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Consort Healthcare (Tameside) Holdings Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

Related party exemption

The Company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

**Notes to the Financial Statements - continued
for the year ended 31 December 2021**

2. Accounting policies - continued

Going concern

Tameside and Glossop Integrated Care NHS Foundation Trust (the 'Trust') issued a letter to Consort Healthcare (Tameside) Plc (the 'Project Co') regarding alleged ongoing service failure and defect issues in respect of historic fire stopping defects. As a consequence of these issues, the Trust has made financial deductions of £976,000 in respect of 2021 performance (£847,000 in 2020) and has continued to make financial deductions in relation to these issues in 2022. In addition, under the terms of the Project Agreement, service failure points ('SFPs') have been awarded by the Trust in relation to 2020, 2021 and 2022 against Project Co. Project Co does not accept that all of these deductions or SFPs are in accordance with the Project Agreement and has obtained legal and expert advice. The quantum of the SFPs under dispute, if agreed in the Trust's favour, would lead to an Event of Default under the terms of the Bond financing agreements (The 'Finance Documents') and would allow the Trust to terminate the Project Agreement.

Project Co offered a settlement which has been rejected by the Trust in favour of an adjudication in conjunction with a new Standstill Agreement which postpones further deductions being made. The Trust has given no indication to the directors that they intend to assert their rights to terminate the Project Agreement, and has indicated that the Trust is committed to reaching a solution with Project Co and ensuring the viability of the Project.

At the date of signing this report, a Standstill Agreement has been signed by Project Co and the Trust, allowing time for an adjudication to resolve the disputed deductions and SFPs, and the possibility for a revised settlement to be agreed. Recent financial models forecast an estimate of the costs to which the Project Co is currently committed. This forecasts a potential deficit. As of 31 December 2021, the cash at hand balance of £7.4m consists of £5.4m which is held in reserve accounts; these are contractual reserves which are held in security. With consent by the Security Trustee, it may be possible to utilise the contractual reserves to fund the deficit if required.

As a result of the deductions levied by the Trust, Project Co is currently in default in respect of its Debt Service Cover Ratio ("DSCR"). As the DSCR isn't calculated until October 2022 Project Co is currently also forecasting a breach of the covenants in September 2022 and March 2023. As a result, the Controlling Creditor has a right to full repayment of the outstanding borrowings, indicating the existence of a material uncertainty which may cast significant doubt about the Project Co's ability to continue as a going concern due to insufficient funds to repay the full debt immediately. The Directors are in regular and continuing discussions with the Controlling Creditor who is aware of the situation and is seeking to resolve this matter. The Directors have discussed the above circumstances with the Controlling Creditor and received assurances, although not legally binding, that the Controlling Creditor does not currently intend to call in the balances owed to it as a result of the default DSCR.

Project Co has a standard listing of debt securities on the London Stock Exchange, for which it must approve and publish its annual report and accounts within six months of the end of the financial period to which they relate. Due to the time which has been required to agree the Standstill Agreement referred to above and a further standstill agreement (both of which postpone further deductions being made), there was some uncertainty as to the Project Co's going concern position and related disclosures required in the annual report and accounts, and as a result the Project Co was unable to meet the 30 June 2022 deadline.

Project Co was in breach of the Listing Rules and the Disclosure and Transparency Rules ('DTR') of the Financial Conduct Authority ('FCA') as a result of the late filing of those financial statements and therefore the Project Co requested that the listing be suspended, which occurred on 18 July 2022. The annual report and accounts were finalised and signed on 23 July 2022 and the FCA lifted the suspension on 18 August 2022.

Furthermore, as a result of the material uncertainty described above, Project Co is 'locked up', meaning that no shareholder payments could be made until September 2024 at the earliest.

**Notes to the Financial Statements - continued
for the year ended 31 December 2021**

2. Accounting policies - continued

In addition to the above consideration regarding Project Co's DSCR covenant, the Directors have reviewed Project Co's projected profits and cash flows by reference to a financial model covering accounting periods up to September 2041. The Project Co has long-term contracts with the Trust. As a consequence, the Directors believe that Project Co is well placed to manage its remaining business risks successfully assuming a conclusion of the disputes reflective of the stated aims of the parties to reach a mutually agreeable resolution.

Project Co currently has £90,525,000 (2020: £92,072,000) of total debt. Whilst it has net liabilities of £501,000 in 2021 (2020: £669,000).

After making enquiries, the directors have a reasonable expectation that Project Co has adequate resources to continue in operational existence for at least twelve months from the date of signing these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements. However, due to the further risk of an Event of Default highlighted above, there exists multiple layered material uncertainties which may cast significant doubt about Project Co's ability to continue as a going concern. The financial statements do not include the adjustments that would result if Project Co was unable to continue as a going concern. If Project Co fails to continue as a going concern this will directly impact Consort Healthcare (Tameside) Intermediate Limited which may cast doubt on its ability to also continue as a going concern.

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 have been taken by the UK Government and the private sector has responded to the outbreak following these announcements. A review of the financial impact on the Project Co in responding to COVID-19 has been assessed as low. This is because the Project Co is still able to provide the services required under the Project Agreement as the sub-contracted Facilities Management Project Co is still able to provide the necessary services, as the work is deemed to be essential and the persons delivering those services are deemed to be key workers.

Significant judgements and estimates

The preparation of financial statements in conformity with FRS102 requires management to make judgements, estimates and assumptions that affect the application of application of policies and reported amounts of assets, liabilities, income and expenses. 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.

Certain critical accounting estimates and judgements in applying the Company's accounting policies are described below:

Going Concern

The basis of the accounts on a going concern basis is subject to uncertainty and judgement from the directors as a result of the matters disclosed in note 2 under Going Concern as Project Co is subject to a claim from the Trust. The outcome of this matter cannot be predicted with any certainty and consequently the Directors believe it is not practicable to make a reliable estimate of the recoverability of the intercompany debtor in which the company is dependent.

Classification of financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

**Notes to the Financial Statements - continued
for the year ended 31 December 2021**

2. Accounting policies - continued

Debt instruments are initially recognised at the present value of cash payable to the lender and are subsequently measured at amortised cost using the effective interest rate method. Where a bond contains cash flows that are inflation linked, the effective interest rate at initial recognition is determined as the rate that sets the estimated future cash flows to be paid on the bond, based on the expected level of the inflation index over the expected term of the bond to equal the fair value of the bond. Where in subsequent periods there is a change in the inflation expectations, the changes are reflected by adjusting both the expected future cash flows on the debt and the effective interest rate. Therefore no adjustment to the carrying amount of the debt and no gain or loss is recognised. The effective interest rate amortisation is included in interest payable and similar charges in the Statement of Comprehensive Income.

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and

Financial instruments

(b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Basic financial instruments

(a) Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

(b) Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

(c) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

**Notes to the Financial Statements - continued
for the year ended 31 December 2021**

2. Accounting policies - continued

Taxation

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Interest receivable and interest payable

Interest payable and similar charges include interest payable on borrowings and associated ongoing financing fees.

Other interest receivable and similar income include interest receivable on funds invested and interest recognised on the finance debtor based upon the finance debtor accounting policy above.

Interest payable is recognised in profit or loss as it accrues, using the effective interest method. Other interest receivable and similar income is recognised in profit or loss as it accrues.

3. Employees and directors

	2021	2020
	£000	£000
Directors' remuneration	-	-

The Company had no employees and no staff costs during the year (2020: none).

4. Interest receivable and similar income

	2021	2020
	£'000	£'000
Loan stock interest	1,118	1,830

5. Interest payable and similar expenses

	2021	2020
	£'000	£'000
Loan stock interest	1,118	1,830

**Consort Healthcare (Tameside)
Intermediate Limited (Registered number: 06156683)**

**Notes to the Financial Statements - continued
for the year ended 31 December 2021**

6. Taxation

Analysis of the tax charge

No liability to UK corporation tax arose for the year ended 31 December 2021 nor for the year ended 31 December 2020.

Factors that may affect future tax charges

A change to the future UK corporation tax rate was announced in the March 2021 Budget. The rate will increase to 25% with effect from 1 April 2023.

7. Auditor's remuneration

Fees payable to the Company's auditor for the audit of the Company's annual accounts were £5,000 (2020: £4,000).

The auditor's remuneration was bore by Consort Healthcare (Tameside) Plc.

8. Fixed asset investments

The company's investments at the Balance Sheet date in the share capital of companies include the following:

Associated company

Consort Healthcare (Tameside) Plc

Registered office: C/o Albany SPC Services Ltd 3-5 Charlotte Street Manchester

Nature of business: Project Company

	%
Class of shares:	holding
Ordinary	0.01

9. Debtors

	2021 £'000	2020 £'000
Amounts falling due within one year:		
Amounts owed by group undertakings	1,431	314
Amounts falling due after more than one year:		
Amounts owed by group undertakings	10,003	9,997
Aggregate amounts	11,434	10,311

Amounts owing from Consort Healthcare (Tameside) Plc represent a loan under which the Company lends to Consort Healthcare (Tameside) Plc the proceeds of £13,300,000 secured subordinated debt. The terms and conditions applicable to this loan are the same as those applicable to the Company in respect of the secured subordinated debt set out in note 13.

10. Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Subordinated debt (see note 12)	1,431	314

Consort Healthcare (Tameside)
Intermediate Limited (Registered number: 06156683)

Notes to the Financial Statements - continued
for the year ended 31 December 2021

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

	2021	2020
	£'000	£'000
Subordinated debt (see note 12)	10,003	9,997

12. Loans

An analysis of the maturity of loans is given below:

	2021	2020
	£'000	£'000
Amounts falling due within one year or on demand:		
Subordinated debt	1,431	314

Amounts falling due in more than five years:

Repayable by instalments		
Subordinated debt - Loan Stock	10,003	9,997

13. Secured debts

The following secured debts are included within creditors:

	2021	2020
	£'000	£'000
Subordinated debt	11,434	10,311

The secured subordinated debt is from the controlling parties and bears interest at a rate of 8.691%, plus RPI indexation, repayable between 2025 and 2041. The indexation is calculated annually in April, using the RPI value from the March immediately prior to the indexation, and the value of the previous March.

14. Financial instruments

Finance and interest rate risk

The Company is reliant on its fellow group member Consort Healthcare (Tameside) Plc to ensure it can meet its liabilities as they fall due. The Company's debt is subject to indexation risk, but this is mitigated as the loan to Consort Healthcare (Tameside) Plc is also linked to inflation.

15. Called up share capital

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2021	2020
			£'000	£'000
1	Ordinary Shares	£1	-	-

On incorporation 1 share was issued at £1. It carries no right to fixed income. The subscription of £1 is held in trust for the Company by Consort Healthcare (Holdings) Tameside Limited.

Notes to the Financial Statements - continued
for the year ended 31 December 2021

16. Reserves

	Retained earnings £'000
Profit for the year	-
At 31 December 2021	-

17. Ultimate parent company

The Company's ultimate holding company and controlling party is Consort Healthcare (Tameside) Holdings Limited, a company incorporated in England and Wales, which also heads the largest and smallest group in which the results are consolidated. Copies of the group financial statements of Consort Healthcare (Tameside) Holdings Limited can be obtained from Albany SPC Services Ltd, 3rd Floor, 3-5 Charlotte Street, Manchester, M1 4HB.

18. Related party disclosures

The Company has taken advantage of the exemption available under paragraph 33.1a of the provisions of FRS 102 Related party Disclosures, on the grounds that it is a wholly owned subsidiary of Consort Healthcare (Tameside) Holdings Limited.

The Company is ultimately a 50:50 joint venture between InfraRed Infrastructure Yield Holdings Limited and Infrastructure Investment Holding Limited who are therefore related parties. At 31 December 2021, the subordinated loan stock totalled £10,003,000 (2020: £9,997,000), split evenly between InfraRed Infrastructure Yield Holdings Limited and Infrastructure Investments Holdings Limited. The subordinated debt interest accrued at 31 December 2021 totalled £1,431,000 (2020: £314,000), split evenly between InfraRed Infrastructure Yield Holdings Limited, which is a wholly owned subsidiary of InfraRed Infrastructure Yield LP and Infrastructure Investments Holdings Limited which is a wholly owned subsidiary of HICL Infrastructure PLC.

19. Post balance sheet events

After the date of the balance sheet on 31 March 2022, and as stated in the Going Concern note, as a result of the deductions levied by the Trust, Project Co is currently in default in respect of its Debt Service Cover Ratio ("DSCR"). As the DSCR isn't calculated until October 2022 Project Co is currently also forecasting a breach of the covenants in September 2022 and March 2023.

As a result, the Controlling Creditor has a right to full repayment of the outstanding borrowings, indicating the existence of a material uncertainty which may cast significant doubt about Project Co's, and consequently the Company's, ability to continue as a going concern due to insufficient funds to repay the full debt immediately. The Directors are in regular and continuing discussions with the Controlling Creditor who is aware of the situation and is seeking to resolve this matter. The Directors have discussed the above circumstances with the Controlling Creditor and received assurances, although not legally binding, that the Controlling Creditor does not currently intend to call in the balances owed to it as a result of the default DSCR.

The Controlling Creditor also has a right to demand or accelerate the commitments of the stockholders, such that the aggregate of any remaining Intermediate Company Loan Stock commitment becomes due and payable in accordance with such a notice. However, this right has not yet been actioned.