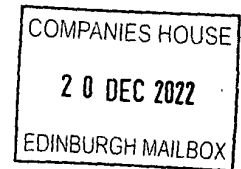
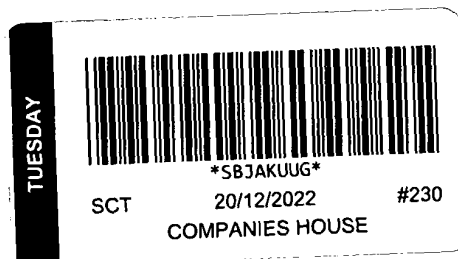


REGISTERED NUMBER: 08114138 (England and Wales)



Strategic Report, Directors' Report
and
Audited Financial Statements for the Year Ended 31 December 2021
for
Inspiredspaces Rochdale (Projectco2) Limited



Inspiredspaces Rochdale (Projectco2) Limited (Registered number: 08114138)

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Inspiredspaces Rochdale (Projectco2) Limited (Registered number: 08114138)

Company Information for the Year Ended 31 December 2021

Directors:

Keith Joseph Edwards
Peter Kenneth Johnstone
Matthew Templeton
Stephen Thomas Kay

Secretary:

Resolis Limited

Registered office:

C/O Dalmore Capital Limited
5th Floor, Watling House
33 Cannon Street
London
United Kingdom
EC4M 5SB

Registered number:

08114138 (England and Wales)

Independent auditor:

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

Bankers:

Barclays Bank Plc
1 Churchill Place
London
E14 5HP

Solicitor:

Pinsent Masons LLP
Third Floor Quay 2
139 Fountainbridge
Edinburgh
EH3 9QG

Inspiredspaces Rochdale (Projectco2) Limited (Registered number: 08114138)

Strategic Report for the Year Ended 31 December 2021

The directors present their strategic report for the year ended 31 December 2021.

Principal activities

The principal activities of the Company are the design, redevelopment, financing and operation of two schools and associated services under the Government's Building Schools for the Future scheme for a period of twenty six years pursuant to and in accordance with the terms of an agreement with Rochdale Borough Council (the "Council"). This agreement together with a loan facilities agreement, a construction contract, a facilities management contract and other related contracts were signed on 3 August 2012. Construction of the schools commenced in August 2012 and was completed in December 2013.

Business review and future developments

Engie Services Limited ("Engie") were appointed as interim FM contractor following the liquidation of Carillion plc on 15 January 2018. A permanent facilities management agreement was entered into with Engie on 19 June 2020 which was broadly in line with the previous agreement. On the same date the Lenders waived all known Events of Default arising as a result of the Carillion liquidation.

During 2020, a number of building defects at the school were identified. Following the liquidation of the Building Contractor, the liability for the rectification of these defects fell to the Company. A five year plan for rectification works and other lifecycle spend was established during 2021 and work commenced during 2021. This increased expenditure during the current financial year and led to a breach in one financial covenant as noted in the following "Going concern" section.

Going concern

The Directors are of the opinion that the Company has sufficient funds to pay for the above rectification works whilst also continuing to settle all ongoing liabilities.

The additional cost of the rectification works resulted in an Event of Default under the Facilities Agreement with Aviva Public Private Finance Limited ("the Lender") in respect of the Annual Debt Service Cover Ratio ("ADSCR") covenant as at 31 March 2021. The Event of Default was known at the time of signing the 2020 financial statements and resulted in the loan facility being presented as a current liability in the 2020 balance sheet. The ADSCR was subsequently rectified, with all covenants being met as at 30 September 2021, being the final test period in the current financial year. The Directors have also reviewed the latest financial model at the date of signing these financial statements which indicates that all covenants will be complied with for the remainder of the loan facility term. Subsequent to the year end, the Lender also approved distributions to be paid following submission of the 31 March 2022 financial model. The Directors have reviewed all of these factors and consider it appropriate to present the bank loan in line with its repayment profile in the 2021 balance sheet given that compliance is expected to be met for the remainder of the loan term.

The Directors have further reviewed the Company's projected profits and cash flows by reference to a financial model. The Company has considerable financial resources together with long-term contracts with the Council. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully and have a reasonable expectation that the Company 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.

Principal risks and uncertainties

The Company's principal activity as detailed above is risk averse as its trading relationships with its customer, funders and sub-contractors are determined by the terms of their respective detailed contracts. The financial risks and the measures taken to mitigate them are as detailed in the following section:

Credit risk

The Company receives its revenue from a government body and therefore is not exposed to significant risk.

Inflation risk

The Company's costs are linked to inflation, however this risk is mitigated by the fact that the Company project revenue is also inflation linked.

Inspiredspaces Rochdale (Projectco2) Limited (Registered number: 08114138)

Strategic Report for the Year Ended 31 December 2021

Insurance risk

The Company is exposed to the conditions prevailing in the insurance market at each renewal date. The directors manage this through close monitoring of the claims record of the project and through employing experienced broking organisations to obtain competitive insurance terms. In addition, there is a contractual mechanism whereby costs or savings are shared with the Council.

Interest rate risk

The Company has in place loans on which a fixed rate of interest is paid.

Lifecycle risk

The Company has responsibility for lifecycle costs and takes the risk that its projections for ongoing costs are adequate. These projections have been agreed with third parties and are subject to regular review by the directors. A cash lifecycle fund is held by the Company to cover future anticipated replacement costs and will be utilised in reimbursing the sub-contractor for the profiled costs.

Liquidity risk

The model indicates that sufficient funding is expected to be available for the Company to settle its liabilities in the normal course of business, assuming that the lenders do not call in the loan balance owed to them.

Solvency and performance of sub-contractors

The solvency and performance of key sub-contractors is regularly monitored by the directors.

The Company's operations are managed under the supervision of its shareholders and funders and are largely determined by the detailed terms of the Private Finance Initiative (PFI) contract which stipulates the monitoring of the key performance criteria on operational activities detailed in the following section.

On 15 January 2018 the parent company of the FM Contractor and FM Contractor Guarantor, Carillion Plc entered into compulsory liquidation. This resulted in the project entering technical default, as the liquidation of the FM Contractor and FM Contractor Guarantor is a defaulting event under the Facilities Agreement with Aviva Public Private Finance Limited.

Engie Building Services were appointed as the replacement FM Contractor under an agreement signed on 19 June 2020.

Dividends

The Company paid an interim dividend of £nil (2020: £nil).

Inspiredspaces Rochdale (Projectco2) Limited (Registered number: 08114138)

Strategic Report for the Year Ended 31 December 2021

Key performance indicators

- **Progress of the operations**

The Company monitors the operational performance by comparing it with the operational financial model. In respect of the year ended 31 December 2021 the Company's operational performance against this measure was considered to be satisfactory.

- **Performance of the services**

The client has the ability to levy financial penalties and/or require remedial action in the event that either performance standards are not achieved or accommodation is not available according to the detailed criteria set out in the project agreement. In respect of the year ended 31 December 2021 financial penalties have been levied; but these are considered manageable, and a proportion has been recovered from the FM Contractor.

Financial performance

The directors are of the opinion that the Company can continue to provide its contractual obligation in relation to facilities management services under the Project Agreement. The Company continues to trade normally and, as at the date of signing these financial statements, the Unitary Charge continues to be paid.

The model indicates that sufficient funding is expected to be available for the Company to settle its liabilities in the normal course of business, assuming that the lenders do not call in the loan balance owed to them.

Safety performance

The Company is committed to providing a safe environment for its sub-contractors and those impacted by its activities. Safety reports are provided at each board meeting. These are reviewed by the directors who monitor actual performance against anticipated performance using industry benchmarks. Appropriate action is taken where necessary in order to ensure that all matters raised are fully resolved and are compliant with safety regulations.

On behalf of the board:

Peter Johnstone

.....
P K Johnstone - Director

19-12-22
Date:

Inspiredspaces Rochdale (Projectco2) Limited (Registered number: 08114138)

Directors' Report for the Year Ended 31 December 2021

The directors present their report with the financial statements of the Company for the year ended 31 December 2021.

Dividends

The directors recommend the payment of an interim dividend of £nil (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.

Directors

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

Keith Joseph Edwards
Peter Kenneth Johnstone
Matthew Templeton
David Wilcock (resigned 1 January 2021)
Stephen Thomas Kay (appointed 1 January 2021)
Asif Ismail Ibrahim (appointed 1 January 2021, resigned 19 August 2022)

Financial performance

The statement of profit or loss and other comprehensive income is set out on page 10 and relates to the operating activities during the year.

Financial risk management

The Company has exposures to a variety of financial risks which are managed with the purpose of minimising any adverse effects on the Company's performance and these are summarised in the Strategic report. The Company also reviews the performance of its sub-contractors on a monthly basis and takes action if the performance levels fall below the required standard.

Future developments

The liability for any rectification work on defects falls to the Company. A plan for these works is currently being prepared. A five year plan for these rectification works and other lifecycle spend has been established.

Disclosure of information to auditor

As far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Johnston Carmichael LLP will therefore continue in office.

On behalf of the board:

Peter Johnstone

.....
P K Johnstone - Director

19-12-22
Date:

Inspiredspaces Rochdale (Projectco2) Limited (Registered number: 08114138)

Statement of Directors' Responsibilities for the Year Ended 31 December 2021

The directors are responsible for preparing the Strategic Report, the Directors' 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 they have elected to prepare the financial statements in accordance with UK-adopted International Accounting Standards and applicable law.

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 estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with UK-adopted International Accounting Standards;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the Members of Inspiredspaces Rochdale (Projectco2) Limited (Registered number: 08114138)

Opinion

We have audited the financial statements of Inspiredspaces Rochdale (Projectco2) Limited (the 'Company') for the year ended 31 December 2021 which comprise the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and Notes to the Financial Statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is UK-adopted International Accounting Standards and applicable law.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021, and of its loss for the year then ended;
- have been properly prepared in accordance with UK-adopted International Accounting Standards and applicable law; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and 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.

Independent Auditor's Report to the Members of Inspiredspaces Rochdale (Projectco2) Limited (Registered number: 08114138)

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page six, 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 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.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these 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, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The most relevant frameworks we identified include:

- UK-adopted International Accounting Standards
- Companies Act 2006
- Corporation Tax legislation
- VAT 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 by review of submitted returns and board meeting minutes.

Independent Auditor's Report to the Members of Inspiredspaces Rochdale (Projectco2) Limited (Registered number: 08114138)

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

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.

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 any breaches of laws and regulations or for any indication of any potential litigation and claims, and events and conditions that could indicate an incentive or pressure to commit fraud or provide 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 noncompliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

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.



Grant Roger (Senior Statutory Auditor)
for and on behalf of Johnston Carmichael LLP
7-11 Melville Street
Edinburgh
EH3 7PE

Date: 19 December 2022

Inspiredspaces Rochdale (Projectco2) Limited (Registered number: 08114138)**Statement of Profit or Loss and Other Comprehensive Income for the Year Ended 31 December 2021**

	Notes	2021 £'000	2020 £'000
Turnover	3	2,427	2,193
Cost of sales		<u>(1,954)</u>	<u>(1,866)</u>
Gross profit		473	327
Administrative expenses		<u>(295)</u>	<u>(322)</u>
Operating profit		178	5
Finance costs	5	(1,819)	(1,822)
Finance income	5	<u>1,471</u>	<u>1,537</u>
Loss before taxation		(170)	(280)
Tax on loss	7	<u>67</u>	<u>53</u>
Loss for the financial year		(103)	(227)
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive loss for the year		<u>(103)</u>	<u>(227)</u>

The notes form part of these financial statements

Inspiredspaces Rochdale (Projectco2) Limited (Registered number: 08114138)**Statement of Financial Position 31 December 2021**

	Notes	2021 £'000	2020 £'000
Assets			
Non-current assets			
Trade and other receivables	8	29,967	30,827
Current assets			
Trade and other receivables	8	1,238	2,442
Tax receivable		146	86
Cash and cash equivalents	9	1,625	916
		<u>3,009</u>	<u>3,444</u>
Total assets		<u>32,976</u>	<u>34,271</u>
Equity			
Shareholders' equity			
Called up share capital	10	10	10
Retained earnings	11	(361)	(258)
Total equity		<u>(351)</u>	<u>(248)</u>
Liabilities			
Non-current liabilities			
Financial liabilities – borrowings:			
Interest bearing loans and borrowings	13	28,661	3,329
Current liabilities			
Trade and other payables	12	2,686	2,530
Financial liabilities – borrowings:			
Interest bearing loans and borrowings	13	1,980	28,660
		<u>4,666</u>	<u>31,190</u>
Total liabilities		<u>33,327</u>	<u>34,519</u>
Total equity and liabilities		<u>32,976</u>	<u>34,271</u>

19-12-22

The financial statements were approved by the Board of Directors and authorised for issue on and were signed on its behalf by:



.....
Peter Kenneth Johnstone - Director

The notes form part of these financial statements

Inspiredspaces Rochdale (Projectco2) Limited (Registered number: 08114138)**Statement of Changes in Equity for the Year Ended 31 December 2021**

	Called up share capital £'000	Retained Earnings £'000	Total Equity £'000
Balance at 1 January 2020	10	(31)	(21)
Changes in equity			
Total comprehensive loss for the year	-	(227)	(227)
Balance at 31 December 2020	10	(258)	(248)
Changes in equity			
Total comprehensive loss for the year	-	(103)	(103)
Balance at 31 December 2021	10	(361)	(351)

The notes form part of these financial statements

Inspiredspaces Rochdale (Projectco2) Limited (Registered number: 08114138)**Statement of Cash Flows for the Year Ended 31 December 2021**

	Notes	2021 £'000	2020 £'000
Cash flows from operating activities			
Cash generated from/(used by) operations	17	493	(277)
Interest paid		(1,180)	(1,236)
Decrease in other financial assets		1,307	1,328
Tax received/(paid)		7	(7)
Net cash from/(used by) operating activities		<u>627</u>	<u>(192)</u>
Cash flows from investing activities			
Interest received		<u>1,471</u>	<u>1,537</u>
Net cash from investing activities		<u>1,471</u>	<u>1,537</u>
Cash flows from financing activities			
Loan repayments in year		<u>(1,389)</u>	<u>(1,346)</u>
Net cash from financing activities		<u>(1,389)</u>	<u>(1,346)</u>
Increase/(decrease) in cash and cash equivalents		709	(1)
Cash and cash equivalents at beginning of the year	9	<u>916</u>	<u>917</u>
Cash and cash equivalents at end of year	9	<u><u>1,625</u></u>	<u><u>916</u></u>

The notes form part of these financial statements

Inspiredspaces Rochdale (Projectco2) Limited (Registered number: 08114138)

Notes to the Financial Statements for the Year Ended 31 December 2021

1. Statutory information

Inspiredspaces Rochdale (Projectco2) Limited (the "Company") is a company limited by shares incorporated and domiciled in the UK at its registered address of Watling House, Cannon Street, London, United Kingdom, EC4M 5SB.

2. Accounting policies

2.1. Basis of preparation

The Company's financial statements have been prepared and approved by the directors in accordance with UK-adopted International Accounting Standards.

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

The financial statements are presented in pounds sterling which is the Company's functional currency. All amounts in the financial statements are rounded to the nearest £1,000.

2.2. Measurement convention

The financial statements are prepared on the historical cost basis.

2.3. Going concern

In assessing the going concern status of the Company, and with due regard to potential implications of the ongoing COVID pandemic, the Directors have reviewed the Company's projected profits and cash flows by reference to a financial model covering accounting periods up to December 2039. In light of the Government's Procurement Policy Note (PPN 02/20), the Directors are satisfied that future income streams are secure and therefore that cash inflows are not impaired.

As stated in the Strategic Report, the Company breached certain bank loan covenants during the year and also breached covenants in the comparative year. These breaches were driven by additional expenditure for defect rectification costs which were incurred in the prior and current financial years. All subsequent covenants up to the date of signing these accounts have been met and the latest financial model forecasts that all covenants will be met for the remainder of the concession period. Given that there was no breach at the year end, the bank loan has been presented in line with its repayment profile. The Directors do not believe that there are any longer-term going concern implications.

The shareholders' funds at 31 December 2021 show a deficit of £351,000 (2020: £248,000). This predominantly arises from costs related to the rectification costs noted above. The Directors note that the latest financial model anticipates the Company will return to a retained surplus position during the financial year ended 31 December 2028. The Directors believe there are sufficient cash balances and future cashflows to allow this position to be rectified in line with the financial model.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

2.4. Judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with UK-adopted International Accounting Standards requires management to make judgements, estimates and assumptions that affect the 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.

Inspiredspaces Rochdale (Projectco2) Limited (Registered number: 08114138)

Notes to the Financial Statements for the Year Ended 31 December 2021

2.4. Judgements and key sources of estimation uncertainty (continued)

Accounting for the service concession contract and finance debtors requires estimation of a finance debtor interest rate (note 5).

Future lifecycle costs are forecast based on detailed plans prepared annually. These forecasts impact the calculation of the service margin being applied. Lifecycle costs can have a significant impact on the Company's profitability.

2.5. Impairment

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

2.6. Revenue

Services revenue (in accordance with IFRIC 12) represents revenues from the provision of construction services to Private Finance Initiative ("PFI") projects calculated as the fair value of services provided. A margin is recognised on the service provided which is reimbursed to the Company along with the value of construction over the duration of the concession by the grantor through payment of a unitary charge in line with the Project Agreement of 3 August 2012.

2.7. Service concessions

In accordance with IFRIC 12 and the various provisions of UK-adopted International Accounting Standards, the Company has determined the appropriate treatment of the principal assets of, and income streams from PFI and similar contracts. Results of all service concessions which fall within the scope of IFRIC 12 conform to the following policies depending on the rights to consideration under the service concessions.

2.8. Service concessions treated as financial assets

The Company recognises a financial asset arising from a service concession arrangement when it has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction or upgrade services provided. Such financial assets are measured at fair value upon initial recognition. Subsequent to initial recognition, the financial assets are held at amortised cost.

Revenue is recognised by allocating a proportion of total cash receivable to construction income and service income. The consideration received will be allocated by reference to the relative fair value of the services delivered, when the amounts are separately identifiable.

During the construction phase, revenue is recognised at cost, plus attributable profit to the extent that this is reasonably certain, in accordance with IFRS 15. Costs for this purpose include valuation of all work done by subcontractors whether certified or not, and all overheads other than those relating to the general administration of the relevant companies.

During the operational stage, cash received in respect of the service concessions is allocated to service and maintenance revenue based on its fair value, with the remainder being allocated between capital repayment and interest income using the effective interest method.

The finance receivables are held as loan or receivable in accordance with IFRS 9. Finance receivables are recognised initially at fair value. Subsequent to initial recognition, finance receivables are measured at amortised cost using the effective interest method less any impairment losses.

Inspiredspaces Rochdale (Projectco2) Limited (Registered number: 08114138)

Notes to the Financial Statements for the Year Ended 31 December 2021

2.9. Non-derivative financial assets

The Company initially recognises loans and receivables and deposits on the date that they originated.

The Company derecognises a financial asset when the contractual rights to the cashflows from the asset expire, or it transfers the rights to receive contractual cashflows on a financial asset in a transaction in which substantially all the risks and reward of ownership of the financial asset are transferred.

Financial assets and liabilities are offset and the net amounts presented in the balance sheet when the Company has a legal right to offset the amount and intends either to settle on a net basis or to realise the asset; and settle the liability simultaneously. Non-derivative financial assets comprise trade and other receivables and cash and cash equivalents.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

The Company is obligated to keep a separate cash reserve in respect of future major maintenance costs. This restricted cash balance, which is shown on the balance sheet within the "cash and cash equivalents" balance, amounts to £798,251 at the year end (2020: £419,899).

2.10. Non-derivative financial liabilities

The Company initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date the Company becomes party to the contractual provision of the instrument.

The Company derecognises the liability when its contractual obligations are discharged, cancelled or expire. The Company classifies non-derivative financial liabilities into the financial liabilities at amortised category. Such financial liabilities are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Inspiredspaces Rochdale (Projectco2) Limited (Registered number: 08114138)

Notes to the Financial Statements for the Year Ended 31 December 2021

2.11. Taxation

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

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 periods.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to those taxes levied by the same tax authority as the same taxable entity or a different tax entity but they intend to settle current tax liabilities and assets on a net basis, or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

2.12. Financing income and expenses

Financing expenses comprise interest payable. Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Financing income comprises interest receivable on funds invested and interest receivable on the financial asset.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established.

2.13. Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following method.

Trade and other receivables

The fair value of trade and other receivables, including service concession receivables, is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes or when acquired in a business combination.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

New IFRS standards and interpretations adopted during 2021

During the year, the Company has not adopted any new or revised International Financial Reporting Standards interpretations and amendments.

At the date of approval of these financial statements, the Directors do not expect any new or revised International Financial Reporting Standards to have a material impact on the financial statements of the Company in future periods.

Inspiredspaces Rochdale (Projectco2) Limited (Registered number: 08114138)**Notes to the Financial Statements for the Year Ended 31 December 2021****3. Revenue**

Revenue is attributable to the one principal activity of the Company and arose entirely within the United Kingdom.

Revenue from contracts with customers:	2021 £'000	2020 £'000
Rendering of FM services	<u>2,427</u>	<u>2,193</u>

4. Employees and directors

There were no employees during the year (2020: none). The directors have no contract of services with the Company. Amounts payable to third parties in respect of directors' services were £39,000 (2020: £29,000).

5. Net finance costs

	2021 £'000	2020 £'000
Finance income:		
Deposit account interest	-	2
Finance debtor interest	<u>1,471</u>	<u>1,535</u>
	<u>1,471</u>	<u>1,537</u>
Finance costs:		
Bank loan interest	1,214	1,270
Loan stock interest	<u>605</u>	<u>552</u>
	<u>1,819</u>	<u>1,822</u>
Net finance costs	<u>348</u>	<u>285</u>

6. Loss before income tax

The loss before tax is stated after charging:

	2021 £'000	2020 £'000
Auditor's remuneration – audit of these financial statements	<u>15</u>	<u>11</u>

7. Income tax

Analysis of tax credit:

	2021 £'000	2020 £'000
Deferred tax	<u>(67)</u>	<u>(53)</u>
Total tax credit in statement of profit or loss and other comprehensive income	<u>(67)</u>	<u>(53)</u>

Inspiredspaces Rochdale (Projectco2) Limited (Registered number: 08114138)**Notes to the Financial Statements for the Year Ended 31 December 2021****7. Income tax (continued)****Factors affecting the tax credit**

The tax assessed for the year is lower (2020: same as) than the standard rate of corporation tax in the UK. The difference is explained below:

	2021 £'000	2020 £'000
Loss before income tax	<u>(170)</u>	<u>(280)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2020: 19%)	(32)	(53)
Adjustment to current year charge for deferred taxation rate	(10)	-
Effect of change in deferred taxation rate on brought forward losses	<u>(25)</u>	<u>-</u>
Total tax credit	<u>(67)</u>	<u>(53)</u>

Effects of changes to future tax rates

Corporation tax will remain at 19% until March 2023. From 1 April 2023, the main rate will increase to 25% for business profits made by the Company over £250,000. A small profit rate (SPR) will also be introduced for companies with profits of £50,000 or less so that they will continue to pay corporation tax at 19%. Companies with profits between £50,000 and £250,000 will pay tax at the main rate reduced by a marginal relief providing a gradual increase in the effective corporation tax rate. The Company has assessed the impact of this change and consider that the full rate of 25% will apply.

8. Trade and other receivables

	2021 £'000	2020 £'000
Current:		
Trade debtors	20	523
Finance debtor	1,177	1,624
Prepayments	41	295
	<u>1,238</u>	<u>2,442</u>
Non-current:		
Finance debtor	<u>29,967</u>	<u>30,827</u>
Aggregate amounts	<u>31,205</u>	<u>33,269</u>

The Company receives its revenue from a government body and therefore is not exposed to significant credit risk. Since the COVID-19 outbreak, the Council has continued making unitary payments in accordance with the government guidance included in the Infrastructure and Projects Authority guidance note. Therefore no credit losses are expected.

The Directors consider that the carrying value of trade debtors and finance debtor is approximately equal to their fair value.

Inspiredspaces Rochdale (Projectco2) Limited (Registered number: 08114138)**Notes to the Financial Statements for the Year Ended 31 December 2021****9. Cash and cash equivalents**

	2021 £'000	2020 £'000
Bank accounts	<u>1,625</u>	<u>916</u>

10. Called up share capital

	2021 £'000	2020 £'000
Allotted, issued and fully paid: 10,000 Ordinary £1 shares	<u>10</u>	<u>10</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

11. Reserves

	Retained earnings
At 1 January 2021	(258)
Loss for the year	(103)
At 31 December 2021	<u>(361)</u>

Retained earnings represents the cumulative profit and loss net of distributions to owners.

12. Trade and other payables

	2021 £'000	2020 £'000
Current:		
Trade creditors	81	494
Other creditors	-	10
Accrued expenses	2,491	1,935
VAT	114	91
	<u>2,686</u>	<u>2,530</u>

The Directors consider the carrying value of trade creditors to be approximately equal to its fair value.

Inspiredspaces Rochdale (Projectco2) Limited (Registered number: 08114138)**Notes to the Financial Statements for the Year Ended 31 December 2021****13. Financial liabilities - borrowings**

	2021 £'000	2020 £'000
Current:		
Bank loans	1,343	28,303
Amounts owed to group undertakings	637	357
	<u>1,980</u>	<u>28,660</u>
Non-current:		
Bank loans	25,571	-
Amounts owed to group undertakings	3,090	3,329
	<u>28,661</u>	<u>3,329</u>
 Aggregate amounts	 <u>30,641</u>	 <u>31,989</u>

Bank borrowings relate to term loan facilities granted by Aviva Public Private Finance Limited. The loan facilities available to the Company and level of utilisation at the balance sheet date are:

	Facility £'000	Amount utilised 2021 £'000	Carrying value 2021 £'000	2020 £'000	2020 £'000
Term loan facility	37,742	37,742	26,914	37,742	28,303
 Analysed:					
Current			1,343		28,303
Non-current			25,571		-
			<u>26,914</u>		<u>28,303</u>

Loan issue costs in respect of these facilities have been deducted from gross proceeds of the bank borrowings and are being amortised using the effective interest rate method. The term loan facility is repayable in unequal quarterly instalments starting on 31 March 2014 and ending on 31 March 2038. All amounts drawn under the facility are secured by fixed and floating charges over the total assets of the Company.

In the prior year, an Event of Default in respect of the ADSCR covenant happened as at March 2021 and a forecast Event of Default at September 2021 was identified. As such, the Company was in technical default of the bank loan and all loan balances were presented as current liabilities. During the current year, there was a further breach of the ADSCR covenant in March 2021 but this was subsequently met as at September 2021. Given that the default was rectified in year and there are no forecast events of default for the remainder of the loan term, the current year loan balance has been aged in line with the repayment profile.

Interest on the term loan is charged at a fixed rate of 4.17%.

Inspiredspaces Rochdale (Projectco2) Limited (Registered number: 08114138)**Notes to the Financial Statements for the Year Ended 31 December 2021****13. Financial liabilities – borrowings (continued)**

Amounts owed to group undertakings relate to a loan issued by the Company's parent undertaking. The loan facilities available to the Company and level of utilisation at the balance sheet date are:

	Facility	Amount utilised 2021	Carrying value 2021	2020	2020
	£'000	£'000	£'000	£'000	£'000
Amounts owed to group undertakings	<u>4,154</u>	<u>4,154</u>	<u>3,727</u>	<u>4,154</u>	<u>3,686</u>
Analysed:					
Current			637		357
Non-current			<u>3,090</u>		<u>3,329</u>
			<u>3,727</u>		<u>3,686</u>

The shareholders of the Company's parent undertaking, Inspiredspaces Rochdale (Holdings2) Limited, subscribed to £4,154,000 of loan stock on 28 March 2014. In turn Inspiredspaces Rochdale (Holdings2) Limited subscribed to £4,154,000 of loan stock in Inspiredspaces Rochdale (Projectco2) Limited on 28 March 2014.

Interest on the group borrowings is charged at a fixed rate of 11%. Per the loan agreement, capital repayments of between 0.96% and 3.47% of the initial loan drawdown amount are scheduled to be paid semi-annually (March and September) until March 2038.

14. Financial instruments**14.1. Fair values of financial instruments****Trade and other receivables**

The fair value of trade and other receivables, excluding construction contract debtors, is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material.

Trade and other payables

The fair value of trade and other payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material.

Cash and cash equivalents

The fair value of cash and cash equivalents is estimated as its carrying amount where the cash is repayable on demand. Where it is not repayable on demand then the fair value is estimated at the present value of future cash flows, discounted at the market rate of interest at the balance sheet date.

Inspiredspaces Rochdale (Projectco2) Limited (Registered number: 08114138)**Notes to the Financial Statements for the Year Ended 31 December 2021****14.1. Fair values of financial instruments (continued)****Interest-bearing borrowings**

Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the balance sheet date, if the effect is material. The fair values of all financial assets and financial liabilities by class together with their carrying amounts shown in the balance sheet are as follows:

	Carrying amount 2021 £'000	Fair value 2021 £'000	Carrying amount 2020 £'000	Fair value 2020 £'000
Financial assets measured at amortised cost				
Other financial assets	31,144	31,144	32,451	32,451
Loans and receivables measured at amortised cost				
Cash and equivalents	1,625	1,625	916	916
Trade and other receivables	61	61	819	819
Tax receivable	146	146	86	86
	1,832	1,832	1,821	1,821
Total financial assets	32,976	32,976	34,272	34,272
Financial liabilities measured at amortised cost				
Interest bearing loans	30,641	31,180	31,988	32,562
Trade and other payables	2,572	2,572	2,530	2,530
Total financial liabilities measured at amortised cost	33,213	33,752	34,518	35,092
Total financial liabilities	33,213	33,752	34,518	35,092
Total financial instruments	(237)	(776)	(246)	(820)

Inspiredspaces Rochdale (Projectco2) Limited (Registered number: 08114138)**Notes to the Financial Statements for the Year Ended 31 December 2021****14.2. Credit risk****Financial risk management**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities.

The Company receives its revenue from a government body and therefore is not exposed to significant risk.

The maximum exposure to credit risk for trade receivables and other financial assets at the balance sheet by geographic region was:

	2021 £'000	2020 £'000
United Kingdom	<u>31,164</u>	<u>32,974</u>

The maximum exposure to credit risk for trade receivables and other financial assets at the balance sheet date by type of counterparty was:

	2021 £'000	2020 £'000
Government backed institutions - Rochdale Borough Council	<u>31,164</u>	<u>32,974</u>

Credit quality of financial assets and impairment losses

The ageing of trade and other receivables at the balance sheet date was:

	2021 £'000	2020 £'000
Government backed institutions - Rochdale Borough Council:		
Not past due	<u>31,164</u>	<u>32,974</u>

Inspiredspaces Rochdale (Projectco2) Limited (Registered number: 08114138)**Notes to the Financial Statements for the Year Ended 31 December 2021****14.3. Liquidity risk****Financial risk management**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company has adopted a cautious approach to liquidity management by endeavouring to maintain sufficient cash and liquid resources to meet its obligations as they fall due. The Company maintains a financial model that forecasts future income and expenditure, allowing the Directors to effectively monitor future cashflows.

Financial risk management

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effect of netting agreements:

2021	Carrying values £'000	Contractual cashflows £'000	Less than 3 months £'000	3 to 12 months £'000	1 to 5 years £'000	More than 5 years £'000
Non-derivative financial liabilities						
Term loan	26,914	37,275	627	1,865	10,299	24,484
Amounts owed to group undertakings	3,727	11,296	1,145	352	2,493	7,306
Trade and other payables	2,572	2,572	2,572	-	-	-
	33,213	51,143	4,344	2,217	12,792	31,790
2020	Carrying values £'000	Contractual cashflows £'000	Less than 3 months £'000	3 to 12 months £'000	1 to 5 years £'000	More than 5 years £'000
Non-derivative financial liabilities						
Term loan	28,302	39,834	647	39,187	-	-
Amounts owed to group undertakings	3,686	9,777	-	1,381	3,406	4,990
Trade and other payables	2,530	2,530	2,530	-	-	-
	34,518	52,141	3,177	40,568	3,406	4,990

Inspiredspaces Rochdale (Projectco2) Limited (Registered number: 08114138)**Notes to the Financial Statements for the Year Ended 31 December 2021****14.4. Market risk****Financial risk management**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments.

Profile

At the balance sheet date the interest rate profile of the Company's interest-bearing financial instruments was:

	2021 £'000	2020 £'000
Fixed rate instruments		
Financial assets	31,205	33,355
Financial liabilities	(30,641)	(31,988)
	<u>564</u>	<u>1,367</u>

Sensitivity analysis

A sensitivity analysis has not been performed on the basis that all interest rates are fixed rates and the Company is not exposed to foreign exchange risk.

14.5. Capital management

The Company manages its cash, bank loan, loan stock and equity as capital. The Company's principal objective is that the Company has sufficient capital to fund its operations. In developing business plans, the directors consider the likely capital requirements and how fund them. Additional capital is funded by the least cost source at the time of fund raising.

15. Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Inspiredspaces Rochdale (Holdings2) Limited which is the intermediate parent company incorporated in the United Kingdom, with the same registered office as the Company.

Inspiredspaces Rochdale (Holdings2) Limited is 81% owned by Dalmore Capital (Rochdale 2) Ltd, 9% by Dalmore Capital (PARA 1) Limited and 10% owned by Inspiredspaces Rochdale Limited.

The largest group in which the results of the Company are consolidated is that headed by Inspiredspaces Rochdale (Holdings2) Limited, incorporated in the United Kingdom. No other group's financial statements includes the results of the Company. The consolidated financial statements of the largest group are available to the public and may be obtained from C/O Dalmore Capital Limited, Watling House, 5th Floor, 33 Cannon Street, London, EC4M 5SB, United Kingdom.

Inspiredspaces Rochdale (Projectco2) Limited (Registered number: 08114138)**Notes to the Financial Statements for the Year Ended 31 December 2021****16. Related party disclosures**

	Net purchase of goods and services 2021 £'000	Net (sales) / purchase of goods and services 2020 £'000
George Street Asset Management Limited	-	1
Dalmore Capital Fund LP	39	15
Inspiredspaces Rochdale Limited	-	11
Inspiredspaces Rochdale (Projectco1) Limited	-	(9)
PPP Equity PIP LP	-	15
	39	33
	Payables outstanding 2021 £'000	Payables outstanding 2020 £'000
Dalmore Capital Fund LP	-	4
Inspiredspaces Rochdale Limited	37	-
PPP Equity PIP LP	-	4
	37	8

During the year the companies disclosed above all had significant influence in the Company.

17. Reconciliation of loss before income tax to cash generated from operations

	2021 £'000	2020 £'000
Loss before income tax	(170)	(280)
Finance costs	1,819	1,822
Finance income	(1,471)	(1,537)
	178	5
Decrease/(increase) in trade and other receivables	757	(600)
(Decrease)/increase in trade and other payables	(442)	318
Cash generated from/(used by) operations	493	(277)