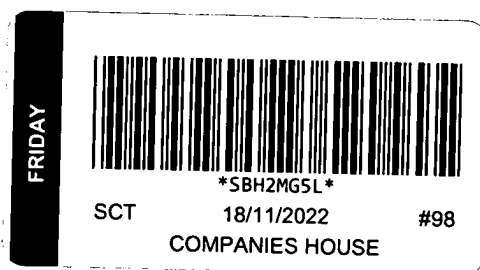


Taycare Health (Holdings) Limited

Directors' report and financial statements

Registered number SC373409

Year ended 31 March 2022



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Directors and advisors

Directors

J S Gordon
R W F Burge

Registered Office

c/o Pinsent Masons
13 Queen's Road
Aberdeen
AB15 4YL

Company Secretary

P Johnstone (resigned 1 April 2022)
Resolis Ltd (appointed 4 April 2022)

Registered Auditor

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

Solicitors

Pinsent Masons LLP
13 Queen's Road
Aberdeen
AB15 4YL

Bankers

The Cooperative Bank
PO Box 101
1 Balloon Street
Manchester
M60 4EP

Directors' report

The directors present the annual report and the audited financial statements for the year ended 31 March 2022.

Principal activities

The Company acts as holding company to Taycare Health Limited.

The principal activities of Taycare Health Limited are the financing, design and construction of and the provision of certain services in connection with the Tayside Mental Health Developments Project through an agreement with Tayside Health Board (Legal Organisation). The agreement was entered into under the Scottish Government's non-profit distributing PPP Scheme.

The World Health Organisation declared the COVID-19 outbreak a health emergency on 30 January 2020 and a global pandemic on 11 March 2020. Many actions taken by the UK Government and the private sector to respond to the outbreak followed these announcements. The financial impact on the Company in responding to COVID-19 continues to be assessed as low. This is because the Company is still able to provide the services required under the Project Agreement. Taycare Health Limited receives all of its revenue from NHS Tayside and the government continues to actively encourage the full and prompt payment of suppliers by such bodies. Consequently, Taycare fully anticipates being able to continue to deliver on its financial and other commitments.

Business review

During the year the Company held 99% of the share capital of Taycare Health Limited.

Results for the year

The results for the year are set out in the Statement of Comprehensive Income on page 7. The directors are satisfied with the overall performance of the Company and do not foresee any significant change in the Company's activities in the coming financial year.

Directors

The directors who held office during the year and after the year end are set out below.

J S Gordon
R W F Burge

Company Secretary

P Johnstone (resigned 1 April 2022)
Resolis Ltd (appointed 4 April 2022)

Disclosure of information to the 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 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 to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

By order of the board



R W F Burge
Director

3/10/ 2022

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

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

Company law requires the directors to prepare the annual report and financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards comprising Financial Reporting Standard FRS 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102) 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 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 responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's Report to the Members of Taycare Health (Holdings) Limited

Opinion

We have audited the financial statements of Taycare Health (Holdings) Limited (the 'company') for the year ended 31 March 2022 which comprise the Statement of Comprehensive Income, Statement of Financial Position, 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'.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022, and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the 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; or
- the directors were not entitled to take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

Responsibilities of the Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Extent to which an audit is 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 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:

- United Kingdom Accounting Standards, including Financial Reporting Standard FRS 102; and
- UK Companies Act; 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 submitted returns 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

Extent to which an audit is considered capable of detecting irregularities, including fraud (continued)

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 reference to breaches in laws and regulation or for any indication of any potential litigation and claims including any health and safety issues 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;
- enquiring of management and those charged with governance regarding the actual instances of non-compliance with laws and regulations;
- 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 disclosure 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-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

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

3 October 2022
.....

Chartered Accountants
Statutory Auditor

7-11 Melville Street
Edinburgh
EH3 7PE

Statement of Comprehensive Income
for the year to 31 March 2022

| | <i>Note</i> | 2022 £ | 2021 £ |
|---|-------------|------------------|-------------|
| Interest receivable and similar income | 3 | 938,822 | 935,359 |
| Interest payable and similar charges | 4 | (938,822) | (935,359) |
| | | <hr/> | <hr/> |
| Result on ordinary activities before taxation | | - | - |
| Tax on result on ordinary activities | 6 | - | - |
| | | <hr/> | <hr/> |
| Result for the financial year and total comprehensive income | | - | - |
| | | <hr/> <hr/> | <hr/> <hr/> |

The result for the year has been derived from continuing activities.

The notes on pages 10 to 14 form part of the financial statements.

Statement of Financial Position
at 31 March 2022

| | <i>Note</i> | 2022 £ | 2021 £ |
|--|-------------|--------------------|--------------------|
| Fixed assets | | | |
| Investments | 7 | 100 | 100 |
| Current assets | | | |
| Debtors due after more than one year | 8 | 9,388,242 | 9,388,242 |
| Net current assets | | 9,388,242 | 9,388,242 |
| Total assets less current liabilities | | 9,388,342 | 9,388,342 |
| Creditors: amounts falling due after more than one year | 9 | (9,388,242) | (9,388,242) |
| Net assets | | 100 | 100 |
| Capital and reserves | | | |
| Called up share capital | 10 | 100 | 100 |
| Profit and loss account | | - | - |
| Shareholders' funds | | 100 | 100 |

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

These financial statements were approved by the board of directors and authorised for issue on 3/10/2022 and were signed on its behalf by:



R W F Burge
 Director

The notes on pages 10 to 14 form part of these financial statements.

Statement of Changes in Equity
As at 31 March 2022

| | Called up share capital £ | Profit and loss account £ | Total Equity £ |
|--|--|--|-------------------------------|
| As at 31 March 2021 | 100 | - | 100 |
| Profit for the year | - | - | - |
| Other comprehensive income for the year | - | - | - |
| Total comprehensive income for the year | - | - | - |
| As at 31 March 2022 | <u>100</u> | <u>-</u> | <u>100</u> |

Notes (forming part of the financial statements)

Statement of compliance

The individual financial statements of Taycare Health (Holdings) Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of Section 1A have been applied other than where additional disclosure is required to show a true and fair view.

General information

Taycare Health (Holdings) Limited (the "Company") is a private company limited by shares and is incorporated and domiciled in Scotland. The address of its registered office is c/o Pinsent Masons, 13 Queen's Road, Aberdeen, AB15 4YL.

The Company acts as holding company for Taycare Health Limited.

The principal activities of Taycare Health Limited are the design, build, finance, operation and maintenance of the mental health facilities at Murray Royal Hospital and Stracathro. The agreement was entered into under the Governments Private Finance Initiative Scheme.

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

Accounting policies

Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed further in the accounting policies.

The accounting policies stated below have been consistently applied to the years presented, unless otherwise stated.

Going concern

After reviewing the Company's forecasts and projections, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

In assessing the Company's ability to continue as a going concern, the directors have considered the impact of COVID-19 as described in the Directors' report.

Disclosure exemptions

The Company has taken advantage of the exemption in FRS 102 Section 7 'Statement of Cash Flows' part 1B, which states that a small company is not required to prepare a cash flow statement.

The Company has also taken advantage of the exemption in section 33 of FRS 102 "Related Party Disclosures", that allows it not to disclose transactions with wholly owned members of a group.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Notes (continued)

Judgements and key sources of estimation uncertainty (continued)

Significant judgements

The judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty are as follows:

i) Impairment of assets

The carrying value of those assets recorded in the Company's Statement of Financial Position, at amortised cost, could be materially reduced where circumstances exist which might indicate that an asset has been impaired and an impairment review is performed. Impairment reviews consider the fair value and or value in use of the potentially impaired asset or assets and compares that with the carrying value of the asset or assets in the Statement of Financial Position. Any reduction in value arising from such a review would be recorded in the statement of comprehensive income. Impairment reviews involve the significant use of assumptions. Consideration has to be given as to the price that could be obtained for the asset or assets, or in relation to a consideration of value in use, estimates of the future cash flows that could be generated by the potentially impaired asset or assets, together with a consideration of an appropriate discount rate to apply to those cash flows.

ii) Market Rate of Interest

The directors have reviewed the interest rates applied to the unsecured subordinated loan stock and consider these to be at a market rate.

Income tax

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in Other Comprehensive Income or directly in equity respectively. Current or deferred taxation assets and liabilities are not discounted.

Current Tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Consolidation Policy

The entity has taken advantage of the option not to prepare consolidated financial statement contained in section 398 of the Companies Act 2006 on the basis that the entity and its subsidiary undertakings comprise a small group.

Notes (continued)

Impairment of Fixed Assets

A review for indicators of impairment is carried out at the end of each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Any prior impairments are also reviewed for possible reversal at the end of each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amounts of an individual asset, an estimate is made of the recoverable amount of the cash generating unit to which the asset belongs. The cash generating unit is the smallest identifiable group of assets that includes the asset and generated cash inflows that are largely independent of the cash inflows from other assets or group of assets.

Cash and cash equivalents

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

1. Staff numbers and costs

The Company had no employees during the year (2021: £nil).

2. Directors' remuneration

The directors, who are also key management personnel, received no emoluments from the Company for their services during the year for services rendered (2021: £Nil).

3. Interest receivable and similar income

| | 2022 £ | 2021 £ |
|--|----------------|----------------|
| Subordinated debt interest – due from subsidiary undertaking | 938,822 | 935,359 |
| | <u>938,822</u> | <u>935,359</u> |

4. Interest payable and similar charges

| | 2022 £ | 2021 £ |
|----------------------------|----------------|----------------|
| Subordinated debt interest | 938,822 | 935,359 |
| | <u>938,822</u> | <u>935,359</u> |

5. Auditor's remuneration

The Company's audit fee is borne by its subsidiary company, Taycare Health Limited. Auditor's remuneration is payable to Johnston Carmichael LLP.

6. Taxation

| | 2022 £ | 2021 £ |
|--------------------------------------|-----------|-----------|
| Analysis of charge in year | | |
| UK corporation tax | - | - |
| | <u>-</u> | <u>-</u> |
| Tax on result on ordinary activities | - | - |
| | <u>-</u> | <u>-</u> |

Notes (continued)

7. Investments in subsidiary undertakings

| | 2022 £ |
|--------------------------------------|------------|
| At the beginning and end of the year | <u>100</u> |

The investment in the subsidiary undertaking is held in the Statement of Financial Position at cost. The investment is held in Taycare Health Limited, a special purpose company which has entered into a 30 year contract with Tayside Health Board to finance, design, construct and maintain the mental health facilities at Murray Royal Hospital and Stracathro.

| | Percentage shares held | Aggregate capital & reserves (deficit) £ | Total Comprehensive Income £ |
|--|---------------------------|--|---------------------------------------|
| Taycare Health Limited Ordinary B Shares | 99% | (17,888,830) | 4,865,155 |

The directors acknowledge the investment is in net liabilities, the cause of this is due to the derivative financial instruments being brought onto the Statement of Financial Position. The directors have reviewed the investment's forecasts and projections and have a reasonable expectation that no impairment indicators exist and the investment will continue in operational existence for the foreseeable future.

8. Debtors

| | 2022 £ | 2021 £ |
|---|-----------|-----------|
| <i>Due after more than one year</i> | | |
| Amounts due from subsidiary undertaking | 9,388,242 | 9,388,242 |

Subordinated debt provided to Taycare Health Limited bears interest at 10% and is repayable in 2042.

9. Creditors

| | 2022 £ | 2021 £ |
|---|-----------|-----------|
| <i>Amounts falling due after more than one year</i> | | |
| Subordinated debt – due in more than 5 years | 9,388,242 | 9,388,242 |

Subordinated debt provided by Cobalt CPI Limited (50%) and Cobalt Project Investments (Taycare) Limited (50%) bears interest at 10% and is repayable in 2042.

Notes (continued)

10. Called up share capital

| | 2022 £ | 2021 £ |
|---|-----------|-----------|
| <i>Allotted, called up and fully paid</i> | | |
| 100 Ordinary shares of £1 each | 100 | 100 |
| | <hr/> | <hr/> |

The shareholding at 31 March 2022 is owned 50% by Cobalt CPI Limited and 50% by Cobalt Project Investments (Taycare) Limited.

11. Contingent liabilities

The Company has granted a guarantee supported by a bond and floating charge over its assets and undertakings, as security to the Co-operative Bank plc for the senior debt provided to Taycare Health Limited, its 99% owned subsidiary.

12. Related party disclosures

During the year the interest of £938,822 (2021: £935,359) was receivable from Taycare Health Limited, a 99% owned subsidiary. £Nil was due from Taycare Health Limited at the year end (2021: Nil).

During the year interest of £938,822 (2021: £935,359) was payable to the joint shareholders Cobalt CPI Limited and Cobalt Projects Investments (Taycare) Limited.

There was no interest due at the year end to Cobalt CPI Limited and Cobalt Projects Investments (Taycare) Limited.

13. Ultimate holding company

At the year end Taycare Health (Holdings) Limited is owned 50% by Cobalt CPI Limited and 50% by Cobalt Project Investments (Taycare) Limited, which is part of Dalmore Capital Ltd. There is no deemed ultimate controlling party.

The financial statements for Dalmore Capital Limited can be obtained from Companies House, 4th Floor Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF.