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Annual Financial Report

Tristone Healthcare Bond Designated Activity Company

TRISTONE

Annual Financial Statements

Please find attached the below Announcement.

Attachment:

1. **Announcement**

Non Regulated

Publication Date: 29/04/2021

Tristone Healthcare Bond Designated Activity Company

Reports and financial statements
for the year ended 31 December 2020

Tristone Healthcare Bond Designated Activity Company

Reports and financial statements

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Tristone Healthcare Bond Designated Activity Company

Directors and other information

Directors	Ivano Cafolla Andrew Williamson Yannis Loucopoulos Phillip Ledgard (from 20 January 2020)
Secretary	Andrew Williamson
Auditor	Howlett Kavanagh Chartered Accountants and Registered Auditor 16 South Main Street Naas Co. Kildare
Solicitors	OBH Partners 17 Pembroke Street Upper Dublin 2 D02 AT22 St John Legal Winchester House 19 Bedford Row London WC1R 4EB
Bank	AIB Bank 100/101 Grafton Street Dublin 2
Registered office	17 Pembroke Street Upper Dublin 2 D02 AT22
Company registered number	600107

Tristone Healthcare Bond Designated Activity Company

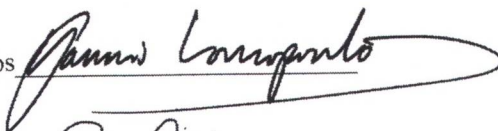
Declaration of the members of the board of directors and the company official responsible for the preparation of the financial statements

In accordance with article 10 of the Transparency Requirements (Securities Listed for Trading on a Regulated Market) Law of 2007 (the "Law"), as amended from time to time, we, the Members of the Board of Directors and the Company Official responsible for the preparation of the financial statements of Tristone Healthcare Bond Designated Activity Company (the "Company") for the year ended 31 December 2020, confirm that to the best of our knowledge:

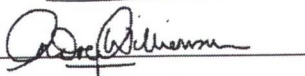
- (a) The financial statements presented on pages 3 to 25:
- (i) Have been prepared in accordance with International Financial Reporting Standards and the provisions of Article 10, Section (4) of the Law, and
 - (ii) Give a true and fair view of the assets and liabilities, the financial position and the profits or losses of Tristone Healthcare Bond Designated Activity Company.
- (b) The financial statements contain a fair review of the information required by the provisions of Article 10, Section (6) of the Law.

Members of the Board of Directors:

Yannis Loucopoulos



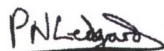
Andrew Williamson



Ivano Cafolla



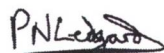
Phillip Ledgard



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Company Official responsible for the preparation of the financial statements of the Company for the year ended 31 December 2020:

Phillip Ledgard



Dublin, 26 April 2021

Tristone Healthcare Bond Designated Activity Company

Directors' report

The directors present their annual report together with the financial statements of the company for the year ended 31 December 2020.

Principal activities, business review and future developments

The company is a special purpose vehicle that was established for the purposes of issuing a listed bond on the Cyprus Stock Exchange to raise funds for lending onwards to Tristone Healthcare Limited ("THC"), a company registered in the UK, with the aim of exploiting business opportunities in healthcare.

The principal activities in 2020 were the continued raising of funds through further issuances of the listed Notes totalling £6,114,000 during the year, bringing the total Notes raised to £8,205,000 as at 31 December 2020 (£2,091,000 as at 31 December 2019). Of the issuances of the listed Notes THC held £4,368,000 (£nil as at 31 December 2019) as a current asset held for sale. This practice allows for a faster sale of the Notes to interested investors.

Of these funds raised during the year, £5,993,000 was loaned to THC during the year making the total loan to THC £7,908,268 as at 31 December 2020 (£1,915,268 as at 31 December 2019), inclusive of the company's investment of £400,000 in 8% Secured Notes issued by THC (2019: £400,000), to allow THC to continue the process of identifying and acquiring social care sector businesses. That company is committed to the acquisition and growth of social care companies which:

- Provide the highest levels of care and support;
- Have demonstrated consistent profitability;
- Have demonstrated consistent and strong operational cash flows;
- Have quality management teams in place;
- Have a strong asset base (primarily property although not limited to this); and
- Have good relationships with Local Authorities.

THC then looks to grow the businesses acquired and this will be achieved through a number of growth and cost saving initiatives including:

- Increasing the number of facilities operated and thereby servicing more clients;
- Broaden the services delivered locally using skills available from other THC Limited businesses;
- Looking for operational efficiencies in the business model;
- Where possible reducing the use of agency staff and ensuring all staff are employed by the company;
- Grow beyond the business's existing commissioning frameworks and starting to offer spot placements to other geographical regions with a view to applying for more tenders; and
- Where possible implementing effective marketing and sales campaigns that have proven effective in other portfolio businesses.

The board of directors of the company is informed that THC has made significant progress towards achieving its short-term acquisition objectives.

Tristone Healthcare Bond Designated Activity Company

Directors' report

(continued..)

THC acquired Sportfit Support Services Limited on 30 July 2020. Founded in 2012, Sportfit Support Services turned over £4.5m in its last financial year and offers high-end support to 16-19-year olds, alongside an independent living step down programme for post 18 individuals. Sportfit is dedicated to making a difference in the lives of vulnerable young people and over the last 8 years has supported 502 young people with learning disabilities and in vulnerable situations.

THC acquired Procare (Wales) Limited on 18 December 2020. ProCare was founded in 2001 and is one of the UK's leading high acuity care businesses, providing care for individuals, between the ages of 16 and 64, who have complex support needs. This includes people with physical and/or learning disabilities, autism, mental health disorders or acquired brain injuries and challenging behaviour. ProCare employs 140 staff across two care homes and a community living service and turned over £3.9m in its last financial year.

THC is now party to exclusivity contracts with one further acquisition target with a purchase price value of £0.9million. Completion of this acquisitions is anticipated around the end of April 2021.

The combined annualised revenue of the two completed acquisitions together with this further anticipated acquisition is £10.8million and the companies involved are expected to achieve a combined annualised EBITDA of approximately £1.9million.

THC continues to assess a strong pipeline of other additional acquisition targets, with offers having been submitted for a further seven businesses.

Due to this strong progress to date, the Directors of THC consider that THC is well placed to deliver on its strategic objectives for the next twelve months as it continues to identify and deliver further acquisitions in line with its business plan. As a result, the Director of the company consider that the purposes of the company are, in turn, being met.

The coupon on the bonds issued by the company prior to 31 December 2020 has been paid.

Principal risks and uncertainties

The major risks and uncertainties faced by Tristone Healthcare Bond DAC are presented below:

- (i) Dependence on the expertise of the Directors and attraction/ retention of key personnel:
The Company's future success is substantially dependent on the continued services and continuing contributions of its Directors.

- (ii) The Issuer is dependent on related companies:
Tristone Healthcare Bond DAC lends the proceeds of the Notes it issues to THC, a related company, which in turn will grant collateral as security for such loan to Tristone Healthcare Bond DAC. The Company's ability to meet interest payments and /or principal repayment is dependent on THC meeting its obligations under the Loan Agreement signed between the two companies.

Tristone Healthcare Bond Designated Activity Company

Directors' report

(continued..)

(iii) COVID-19 pandemic:

The on-going impact of COVID-19 pandemic on the economic regions that the Company operates in could have an impact on Tristone Healthcare Bond DAC's business, financial condition and results of operations. The impact of the virus to date has given rise to delays in realisation of the company's expansion programme, and may do so in the remainder of 2021 and into 2022.

(iv) Taxation:

These financial statements have been prepared having regard to current Irish tax legislation, practice and concession and interpretation thereof. Any change in the Company's tax status or in taxation legislation could affect the Company's financial performance and its ability to provide returns to its Noteholders.

Results and dividends

During the year, a service fee of £31,244 (2019: £29,623) was charged to THC. Net interest expense was £38,143 (2019: £2,122) and after operating costs the loss for the financial year was £100,172 (2019: a loss of £102,077). No dividend payment has been proposed by the directors.

Assets and liabilities and financial position

The total assets of the company have increased by £5,972,279 and the total liabilities have increased by £6,072,451 resulting in a decrease in net assets of £100,172.

Corporate governance statement

Internal control and risk management systems in relation to the financial reporting process

Due to the limited nature of the company's trading activity in the terms of the number of financial transactions undertaken by the company, its internal control and risk management systems in relation to the financial reporting process are reliant primarily on the board member with responsibility for the finance function and oversight carried out by the board.

Audit committee

The company avails of the exemption available under paragraph (9)(d) of S.I. No. 220/2010 – *European Communities (Statutory Audits) (Directive 2006/43/EC) Regulations 2010* and considers the application of the exemption to be appropriate due to its size.

Directors and secretary and their interests

The membership of the board during the financial period is set out on page 1. The directors and secretary who held office during the period from 1 January 2020 to 31 December 2020 inclusive held no interests in the shares of the company as required to be entered in the Register of Interests other than as follows:

Yannis Loucopoulos

2 ordinary shares of €1 each

Tristone Healthcare Bond Designated Activity Company

Directors' report *(continued..)*

Accounting records

The measures taken by the directors to secure compliance with the requirements of sections 281 to 285 of the Companies Act 2014 with regard to the keeping of accounting records are the implementation of necessary policies and procedures for recording transactions, the employment of competent accounting personnel with appropriate expertise and the provision of adequate resources to the financial function. The accounting records of the company are maintained at 2nd Floor, 3 Hardman Square, Spinningfields, Manchester, M3 3EB, UK.

Statement on relevant audit information

In the case of each of the persons who are directors at the time this report is approved in accordance with section 332 of the Companies Act 2014:

- (a) so far as each director is aware, there is no relevant audit information of which the company's statutory auditors are unaware, and
- (b) each director has taken all steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's statutory auditors are aware of that information.

Auditor

In accordance with the provisions of section 383(2) of the Companies Act, 2014, the auditors, Howlett Kavanagh, Chartered Accountants, will continue in office. The firm was first appointed for the financial period from incorporation of the company on 9 March, 2017.

Events after the reporting date

Since the reporting date the company has issued further 8.5% Secured Notes due 2027, with a nominal and issued value of £11,000. In addition to this, since the reporting date, THC has sold listed Notes that it holds, valued at £144,000, making the total holding of the listed Notes held by THC an amount of £4,224,000.

Going concern

The time period that the directors have considered in evaluating the appropriateness of the going concern basis in preparing the financial statements for 2020 is a period of twelve months from the date of approval of these financial statements (the 'period of assessment'). In making this assessment, the directors considered the company's business, profitability projections, funding and capital plans, together with a range of other factors such as the outlook for the Irish and UK economies, the impact of Brexit, the impact of Covid-19 (see below), along with ongoing developments in other EU economies. The directors are satisfied that the going concern basis is appropriate to the preparation of the financial statements.

Impact of Covid-19 virus

The directors have considered the potential impact of the Covid-19 virus on the activities of the company. The principal finding of that review are that there may be some short-term delays for Tristone Healthcare Limited to complete some or all of its targeted acquisitions. In addition, it is possible that investors purchasing the 8.5% Secured Notes due 2027 may delay their investment or reduce the quantum purchased. However, the Directors do not consider that Covid-19 virus presents a long-term risk to the company or its strategy.

Political donations

The company made no disclosable political donations during the financial year.

Tristone Healthcare Bond Designated Activity Company

Statement of directors' responsibilities

The following statement, which should be read in conjunction with the independent auditor's report set out on pages 8 to 10, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditors in relation to the financial statements.

Irish company law required the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union (EU) and with those parts of the Companies Act 2014 applicable to companies reporting under IFRS.

Under Irish law the directors must not approve the company's financial statements unless they are satisfied that they give a true and fair view of the company's assets, liabilities and financial position as at the end of the financial year and of the profit or loss of the company for the financial year and otherwise comply with the Companies Act 2014.

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;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; 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 ensuring that the company keeps or causes to be kept adequate accounting records which:

- correctly record and explain the transactions of the company; and
- enable, at any time, the assets, liabilities, financial position and profit or loss of the company to be determined with reasonable accuracy
- enable them to ensure that the financial statements and directors' report comply with the Companies Act 2014 and enable those financial statements so prepared to be audited.

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

The directors confirm that, to the best of each director's knowledge and belief:

- they have complied with the above requirements in preparing the financial statements;
- the financial statements, prepared in accordance with IFRS as adopted by the EU, give a true and fair view of the assets, liabilities and financial position of the company and of the loss of the company; and
- the annual report incorporating the financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's position and performance, business model and strategy.

Independent auditor's report to the members of Tristone Healthcare Bond Designated Activity Company

Opinion

We have audited the financial statements of Tristone Healthcare Bond Designated Activity Company which comprise the statement of financial position as at 31 December 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the accompanying financial statements present fairly in all material aspects, the financial position of the company as at 31 December 2020 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described below 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 International Ethics Standards Board For Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Ireland, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

We considered the valuation and recoverability of held to maturity financial assets and loans receivable to be the key audit matter. We addressed this matter in our audit by making an assessment of the systems and controls put in place by management to assess and control the lending risk, by considering the security held over the receivables, by reviewing the performance of the receivables in question during the financial period and the underlying trading performance and financial position of the borrower on the basis of publicly available information, and consideration of future financial plans of the borrower made available to us by management. The results of our testing were satisfactory.

Other information

Management is responsible for the other information in the annual report comprising the Declaration of the members of the board and the Directors' report, which we obtained prior to the date of this auditor's report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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.

Independent auditor's report to the members of Tristone Healthcare Bond Designated Activity Company *(continued..)*

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines 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, management is 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 management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

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 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

Further information relating to our work as auditor is set out in the in the appendix to this report on page 11, which is to be read as an integral part of our report.

Opinions on other matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, we report that:

- in our opinion, the information given in the directors' report is consistent with the financial statements; and
- in our opinion, the directors' report has been prepared in accordance with the Companies Act 2014.

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited, and financial statements are in agreement with the accounting records.

Section 1373 of the Companies Act 2014 provides that where a company prepares a corporate governance statement the statutory auditors of the company shall provide an opinion concerning the consistency or otherwise of the information given in the corporate governance statement under subsection (2)(c) of Section 1373 relating to the financial year with the outcome of our evaluation and testing of the relevant systems for the purposes of preparing this audit report. In our opinion the information provided is so consistent.

Independent auditor's report to the members of Tristone Healthcare Bond
Designated Activity Company *(continued..)*

Matters on which we are required to report by exception

Based on the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report. The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by sections 305 to 312 of the Act are not made. We have nothing to report in this regard.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Section 391 of the Companies Act 2014. 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.



John Kavanagh, for and on behalf of
Howlett Kavanagh
Chartered Accountants and Registered Auditor
16 South Main Street
Naas
Co. Kildare

26 April 2021

Tristone Healthcare Bond Designated Activity Company Appendix to the independent auditor's report

Further information regarding the scope of our responsibilities as auditor

As part of an audit in accordance with ISAs (Ireland), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Tristone Healthcare Bond Designated Activity Company

Statement of accounting policies

for the year ended 31 December 2020

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared on the going concern basis and in accordance with the historical cost convention as modified to include the fair valuation of certain financial instruments. The financial reporting framework that has been applied in their preparation comprises International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board and adopted by the European Union (EU), and those parts of the Companies Act 2014 applicable to companies reporting under IFRSs.

Foreign currency translation

Items included in the financial statement are measured using the currency of the primary economic environment in which the company operates (the 'functional currency'), considered to be the Pound Sterling (£). Foreign currency transactions are translated into functional currency at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Translation differences on non-monetary items, are reported as part of the fair value gain or loss. The principal exchange rate used for the translation of balance sheet items into Pound Sterling was £0.892686 per Euro at 31 December 2020 (2019: £.846370 per Euro).

Interest income and expense

Interest income and expense are recognised in the income statement for all instruments measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or liability. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate and all other premiums or discounts. Once a financial asset or group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purposes of measuring the impairment loss. Where the company revises its estimates of payments or receipts on a financial instrument measured at amortised cost, the carrying amount of the financial instrument (or group of financial instruments) is adjusted to reflect actual and revised estimated cash flows. The company recalculates the carrying amount by computing the present value of estimated future cash flows at the financial instrument's original effective interest rate. The adjustment is recognised in profit or loss as income or expense.

Short term employee benefits

Short term employee benefits are recognised as an expense in the period in which employees become entitled to the benefits as a result of service rendered to the company.

Tristone Healthcare Bond Designated Activity Company

Statement of accounting policies *(continued...)*

for the year ended 31 December 2020

Held to maturity financial assets

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the company has the positive intention and ability to hold to maturity. Purchases and sales of held to maturity investments are recorded on trade date. They are initially recognised at fair value plus transaction costs and are subsequently accounted for at amortised cost using the effective interest method.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans are recorded at fair value. They are subsequently accounted for at amortised cost using the effective interest method.

Non-financial assets

Non-financial assets are held at fair value. At each reporting date the company reviews the amounts at which its non-financial assets are carried to determine whether there is any indication of impairment. Should any such indication be determined then the asset's recoverable amount is estimated and any impairment is recognised in profit and loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and balances with banks which can be withdrawn on demand. It also comprises short term highly liquid investments that are readily convertible to known amounts of cash that are subject to an insignificant risk of change in value.

Financial liabilities

The company categorises listed financial liabilities at amortised cost. Financial liabilities are initially recognised at fair value, (normally the issue proceeds i.e. the fair value of consideration received, less initial issue transaction costs) and, subsequently, at amortised cost. Any difference between the proceeds, net of transaction costs, and the redemption value is recognised in the income statement using the effective interest method. Transaction costs are amortised in the income statement on a straight line basis to the redemption date of the related liability.

Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Income taxes

(a) Current income tax

Income tax payable on profits is recognised as an expense in the period in which profits arise. Tax provisions are provided on a transaction by transaction basis using a best estimate approach. In arriving at such estimates, management assesses the relative merits and risks of tax treatments assumed, taking into account statutory, judicial and regulatory guidance and, where appropriate, external advice. A current tax provision is recognised when the company has a present obligation as a result of a past event and it is probable that there will be a future outflow of funds to settle the obligation.

Tristone Healthcare Bond Designated Activity Company

Statement of accounting policies *(continued...)*

for the year ended 31 December 2020

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

Critical accounting estimates and judgements

In preparing the financial statements, the company makes estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The directors consider the accounting estimates and assumptions below to be its critical estimates and judgements:

Going concern

The directors have prepared budgets and cash flows for a period of at least twelve months from the date of approval of the financial statements which demonstrate that there is no material uncertainty regarding the company's ability to meet its liabilities as they fall due, and to continue as a going concern. On this basis the directors consider it appropriate to prepare the financial statements on a going concern basis. Accordingly, these financial statements do not include any adjustments to the carrying amounts and classification of assets and liabilities that may arise if the company was unable to continue as a going concern.

Tristone Healthcare Bond Designated Activity Company

Statement of comprehensive income for the year ended 31 December 2020

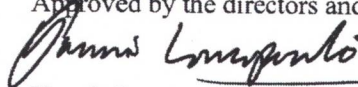
	Notes	2020 £	2019 £
<i>Continuing operations</i>			
Interest income	5	207,777	152,861
Interest expense	6	<u>(245,920)</u>	<u>(154,983)</u>
Net interest income		(38,143)	(2,122)
Other income – service fee		31,244	29,623
Operating expenses		<u>(93,273)</u>	<u>(129,578)</u>
Loss on ordinary activities before taxation	7	(100,172)	(102,077)
Taxation on loss on ordinary activities	9	—	—
Loss for the financial year after taxation		(100,172)	(102,077)
Other comprehensive income		—	—
Total comprehensive income for the year attributable to equity shareholders		<u>(100,172)</u>	<u>(102,077)</u>

Tristone Healthcare Bond Designated Activity Company

Statement of financial position as at 31 December 2020

	Notes	2020 £	2019 £
Assets			
<i>Non-current assets</i>			
Held to maturity financial assets	10	400,000	400,000
Loans	11	<u>7,511,047</u>	<u>1,515,268</u>
		<u>7,911,047</u>	<u>1,915,268</u>
<i>Current assets</i>			
Trade and other receivables	12	11,845	39,624
Cash and cash equivalents		<u>4,663</u>	<u>384</u>
		<u>16,508</u>	<u>40,008</u>
Total assets		<u>7,927,555</u>	<u>1,955,276</u>
Capital and reserves			
Called up share capital presented as equity	13	2	2
Profit and loss account	14	<u>(251,084)</u>	<u>(150,912)</u>
Total equity		<u>(251,082)</u>	<u>(150,910)</u>
Liabilities			
<i>Non-current liabilities</i>			
Loans and borrowings	15	<u>8,150,478</u>	<u>2,051,886</u>
<i>Current liabilities</i>			
Trade and other payables	16	<u>28,159</u>	<u>54,300</u>
Total liabilities		<u>8,178,637</u>	<u>2,106,186</u>
Total equity and liabilities		<u>7,927,555</u>	<u>1,955,276</u>

Approved by the directors and signed on its behalf by:



Yannis Loucopoulos
Director



Ivano Catolla
Director

26 April 2021

Tristone Healthcare Bond Designated Activity Company

Statement of cash flows for the year ended 31 December 2020

	2020 £	2019 £
Operating activities		
(Loss) for the financial year	(100,172)	(102,077)
<i>Adjustments to reconcile profit for the year to net cash flow from operating activities:</i>		
Amortisation of Notes' issue costs	8,190	8,539
<i>Working capital movements:</i>		
Decrease/(increase) in receivables	25,000	(6,987)
(Decrease)/increase in payables	<u>(45,141)</u>	<u>75,019</u>
<i>Net cash flow from operating activities</i>	<u>(112,123)</u>	<u>(25,506)</u>
Financing activities		
Issue of Notes, net of costs	6,109,402	891,500
Loan advanced	<u>(5,993,000)</u>	<u>(875,000)</u>
<i>Net cash flow from financing activities</i>	<u>116,402</u>	<u>16,500</u>
Increase/(decrease) in cash and cash equivalents	4,279	(9,006)
Cash and cash equivalents at 1 January	<u>384</u>	<u>9,390</u>
Cash and cash equivalents at 31 December	<u>4,663</u>	<u>384</u>

Cash and cash equivalents comprise cash in hand and balances with banks which can be withdrawn on demand.

Tristone Healthcare Bond Designated Activity Company

Statement of changes in equity for the year ended 31 December 2020

	Called up share capital £	Retained earnings £	Total £
At 1 January 2019	2	(48,835)	(48,833)
Total comprehensive income for the financial period attributable to equity			
-profit and loss	-	(102,077)	(102,077)
-other comprehensive income	-	-	-
	—	—	—
At 31 December 2019	2	(150,912)	(150,910)
Total comprehensive income for the financial period attributable to equity			
-profit and loss	-	(100,172)	(100,172)
-other comprehensive income	-	-	-
	—	—	—
At 31 December 2020	2	(251,084)	(251,082)
	—	—	—

Tristone Healthcare Bond Designated Activity Company

Notes forming part of the financial statements

1 General information

The financial statements comprising the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the related notes constitute the individual financial statements of Tristone Healthcare Bond DAC for the financial year ended 31 December 2020.

Tristone Healthcare Bond Designated Activity Company is a private company limited by shares and is incorporated and registered in Ireland (registration number 600107). The company's registered office is at 17 Pembroke Street Upper, Dublin 2, D02 AT22. The company's primary business is the raising of secured note finance and loaning that money to Tristone Healthcare Limited, a UK registered company under common ownership, to exploit opportunities in healthcare.

2 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and comply with those standards other than as outlined in Note 4.

3 Functional and presentation currency

The currency used in these financial statements is the Pound Sterling (£), which the directors also consider to be the company's functional currency.

4 Operating segments

IFRS 8, Operating Segments, requires an entity to report financial and descriptive information about its reportable segments. Management has considered the application of IFRS 8 to its business and the criteria to be applied in identifying reportable segments. It has concluded that the activities of the company comprise one operating segment only and that further segmentation is impractical and would provide minimal additional usable financial information.

5 Interest income

	2020	2019
	£	£
Interest on loans provided to Tristone Healthcare Limited	175,777	120,861
Interest on Tristone Healthcare Limited 8% Secured Notes	<u>32,000</u>	<u>32,000</u>
	<u>207,777</u>	<u>152,861</u>

Tristone Healthcare is a limited company registered in the United Kingdom and considered to be a related party by reason of common control. No interest receivable arises on loans provided to Tristone Healthcare Limited relating to the 8.5% Secured Notes due 2027 issued to that company and held by it as current assets available for sale. At the reporting date, Notes with an issued and carrying amount of £4,368,000 were included in that category (2019: £nil).

Tristone Healthcare Bond Designated Activity Company

Notes forming part of the financial statements (continued....)

6 Interest expense

	2020	2019
	£	£
Interest expense	237,730	146,444
Amortisation of Notes issue cost	<u>8,190</u>	<u>8,539</u>
Total	<u>245,920</u>	<u>154,983</u>

The interest expense and amortisation of issue costs arise on the 8.5% Secured Notes due 2027 issued by the company. No interest payable arises on Notes issued to Tristone Healthcare Limited and held by it as current assets available for sale. At the reporting date, Notes with an issued and carrying amount of £4,368,000 were included in that category (2019: £nil).

7 Loss before tax

	2020	2019
	£	£
Loss before tax has been arrived at after charging		
Amortisation of Notes issue costs	<u>8,190</u>	8,539
Realised currency (gain)/loss	<u>(48,513)</u>	<u>21,070</u>
<i>Auditor fees:</i>		
Statutory audit (including VAT)	<u>8,235</u>	<u>6,653</u>
Non-audit services provided by auditor (including VAT)	<u>2,196</u>	<u>2,050</u>

8 Directors' remuneration and transactions

The aggregate amount paid to or receivable by directors of the company in respect of the financial year was

	2020	2019
	£	£
Emoluments in respect of qualifying services	<u>32,137</u>	<u>30,469</u>
Total	<u>32,137</u>	<u>30,469</u>

The company had no employees for the financial year or the preceding period other than the directors. Further information in that regard and on transactions with Tristone Healthcare Limited, a company controlled by Yannis Loucopoulos is provided in Note 17.

9 Tax

	2020	2019
	£	£
<i>Analysis of charge in the financial year</i>		
Tax on loss on ordinary activities		
Current tax on profit for the year	-	-
Deferred tax charge	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

Tristone Healthcare Bond Designated Activity Company

Notes forming part of the financial statements (continued....)

9	Tax (continued)	2020 £	2019 £
	Factors affecting the tax charge for the year		
	Loss on ordinary activities before taxation	(100,172)	(102,077)
	Profit on ordinary activities multiplied by the standard rate of corporation tax of 12.5%	(12,522)	(12,760)
	<i>Effects of:</i>		
	Losses carried forward	12,522	12,760
	Current tax charge for the year	-	-

Factors that may affect future tax charges

There are no factors likely to materially affect future tax charges of which the directors are aware.

10 Held to maturity financial assets

	2020 £	2019 £
<i>At amortised cost</i>		
Tristone Healthcare Limited 8% Secured Notes due 2027 (Note 17)	400,000	400,000
Total	400,000	400,000

Tristone Healthcare Limited is considered to be a related party by virtue of common control. No impairment has been provided for to date on the asset. At the financial year end the company is exposed to the following risks arising from the holding of the financial asset.

Credit risk: The company is exposed to credit risk in that recovery of the investment carrying amount at maturity is dependent on the financial position, liquidity and cash flow of Tristone Healthcare Limited. The directors monitor the risk factors associated with loans that it has advanced by means of regular assessment of the progress made by Tristone Healthcare Limited in rolling out its business plan, and a corresponding assessment of any variation to the credit risk. In the opinion of the directors the asset's recoverable value is not lower than its carrying amount.

11 Loans receivable

Included in Non-current assets and repayable other than by instalments:

	2020 £	2019 £
<i>At amortised cost</i>		
Secured loan provided to related parties (Note 17)	7,508,268	1,515,268
Interest receivable on secured loan to related parties (Note 17)	2,779	-
Total	7,511,047	1,515,268

Tristone Healthcare Bond Designated Activity Company

Notes forming part of the financial statements (continued...)

11 Loans receivable (continued)

The company has provided a secured loan to Tristone Healthcare Limited. The loan is secured by way of a debenture providing for fixed and floating charges over that company's assets and a negative pledge, and is repayable 20 business days prior to 31 December 2027. It has been advanced on a commercial basis. Of the total receivable, an amount of £4,368,000 (2019: £nil) relates to 8.5% Secured Notes due 2027 issued by the company at par to Tristone Healthcare Limited during the financial year and held by that company as current assets available for sale, of which amounts totalling £144,000 have been sold by that company at par since the financial year end.

At the financial year end the company is exposed to the following risks arising from the holding of the financial asset:

Credit risk: The company is exposed to credit risk in that recovery of the investment at maturity is dependent on the financial position, liquidity and cash flow of Tristone Healthcare Limited. The directors monitor the risk factors associated with loans that it has advanced by means of regular assessment of the progress made by Tristone Healthcare Limited in rolling out its business plan, and a corresponding assessment of any variation to the credit risk. In the opinion of the directors the recoverable value of the asset and the related interest receivable is not lower than their carrying amounts.

12 Trade and other receivables

<i>Due within one year</i>	2020	2019
	£	£
Other receivables (Note 17)	<u>11,845</u>	<u>39,624</u>
	<u>11,845</u>	<u>39,624</u>

Receivables are shown net of impairment in respect of doubtful debts. There is no impairment charge included in that respect for the financial year or preceding year.

13 Called up share capital presented as equity

	2020	2019
	£	£
<i>Authorised</i>		
100,000 ordinary shares of €1 each	<u>100,000</u>	<u>100,000</u>
<i>Issued, allotted, called up and fully paid</i>		
2 ordinary shares of €1	<u>2</u>	<u>2</u>

The ordinary shares carry no rights to fixed income.

Tristone Healthcare Bond Designated Activity Company

Notes forming part of the financial statements (continued...)

14 Reserves

The opening balance, closing balance and movements in each reserve are shown in the statement of changes in equity on page 18. A description of each reserve is outlined below.

Profit and loss account

The profit and loss account represents the company's retained earnings/(deficit).

15 Loans and borrowings

Details of indebtedness and security given in respect of creditors

Included in Non-current liabilities and repayable other than by instalments after 5 years:

	2020	2019
	£	£
8.5% Secured Notes due 2027	<u>8,150,478</u>	<u>2,051,886</u>
<i>Comprising:</i>		
Capital sum repayable	8,205,000	2,091,000
Accrued interest	11,000	30,000
Unamortised issue costs	<u>(65,522)</u>	<u>(69,114)</u>
	<u>8,150,478</u>	<u>2,051,886</u>

The capital sum is repayable in full on 31 December 2027. Issue costs are amortised to profit and loss on a straight line basis to the due redemption date of the related Notes. The borrowings are secured by way of mortgage debentures providing charges over the company's assets. Of the total outstanding, an amount of £4,368,000 (2019: £nil) relates to issuances by the company at par to Tristone Healthcare Limited during the financial year and held by that company as current assets available for sale, of which amounts totalling £100,000 have been sold by that company at par since the financial year end. (See also Note 17).

16 Trade and other payables

	2020	2019
	£	£
Trade payables and accruals (Note 17)	19,803	50,339
Payroll taxes	<u>8,356</u>	<u>3,961</u>
	<u>28,159</u>	<u>54,300</u>

The terms associated with trade payables and accruals vary subject to the terms of the underlying contracts and are unsecured and interest free. All fall due within one year. Payroll taxes are subject to the terms of the relevant legislation.

Tristone Healthcare Bond Designated Activity Company

Notes forming part of the financial statements (continued...)

17 Related parties

Ultimate controlling party

The company is owned and controlled by Yannis Loucopoulos, who also controls Tristone Healthcare Limited.

Key management personnel compensation

The company considers its directors to be the key management personnel of the company. Key management personnel compensation for the year to 31 December 2020 comprised short term employee benefits of £32,137 (2019: £30,469) (Note 10). Management compensation of £7,713 for 2020 remained due and payable at 31 December 2020 (2019: £3,656).

Services provided by related company

During the year and in the preceding years Tristone Healthcare Limited provided director, administrative, accounting and management services to the company. No charge was made by Tristone Healthcare Limited in respect of those services.

Other related party transactions and balances

The company has provided a secured loan of £7,508,268 (2019: £1,515,268) to Tristone Healthcare Limited. The loan is repayable 20 business days before 31 December 2027 and was advanced at an interest rate of 10.5% per annum. At 31 December 2020, there was interest of £2,779 (2019: £nil) due to the company on that loan balance. During the year the company charged a service fee of £31,244 to Tristone Healthcare Limited (2019: £29,623). The fee charged for 2020 was received in full by the company at 31 December 2020 (2019: £29,623 outstanding balance).

During the year Tristone Healthcare Limited made payments for and received amounts on behalf of the company. The net value of those transactions during the financial year was that Tristone Healthcare Limited received £6,824 more than it paid on behalf of the company, clearing an outstanding balance payable by the company to it at the end of the previous financial year. Accordingly, at 31 December 2020, an amount of £nil was owed by the company to Tristone Healthcare Limited in respect of those payments (2019: £6,824 outstanding balance).

The company owns Tristone Healthcare Limited 8% Secured Notes 2027 of £400,000 (2019: £400,000) (Note 10). Tristone Healthcare Limited owns 8.5% Secured Notes due 2027 issued by the company with a nominal value of £400,000 (2019: £400,000) and owns further such Notes with an issue value of £4,368,000 (2019: £nil), which it holds as current assets available for sale.

During the year the company received a credit of £5,847 (2019: expense £28,722) in respect of legal services provided by a firm in which one of the company's directors is a partner. In the opinion of the directors the transactions were entered into on an arms-length basis and on normal commercial terms. No interest was applied to outstanding balances.

During the year the company received security and trustee services at a cost of £24,000 (2019: £24,000) from a business which shares a director in common with the company. In the opinion of the directors the transactions were entered into on an arms-length basis and on normal commercial terms. No interest was applied to outstanding balances.

Tristone Healthcare Bond Designated Activity Company

Notes *forming part of the financial statements (continued....)*

18 Events after the reporting date

Since the reporting date the company has issued further 8.5% Secured Notes due 2027, with a nominal and issued value of £11,000.

19 Provisions available for small entities

In common with many other businesses of similar size and nature the company uses its auditor to prepare and submit tax returns and to assist it with the preparation of the financial statements and interim financial statements.

20 Judgements - going concern

The directors consider the accounting estimates and assumptions associated with going concern to be their critical area of accounting estimates and judgments.

The time period that the directors have considered in evaluating the appropriateness of the going concern basis in preparing the financial statements for 2020 is a period of twelve months from the date of approval of these financial statements (the 'period of assessment'). In making this assessment, the directors considered the company's business, profitability projections, funding and capital plans, together with a range of other factors such as the outlook for the Irish and UK economies, the impact of Brexit, the impact of Covid-19, along with ongoing developments in other EU economies. The directors are satisfied that the going concern basis is appropriate to the preparation of the financial statements.

21 Contingent liabilities and capital commitments

There are no contingent liabilities or capital commitments at the reporting date of which the directors are aware.

22 Approval of financial statements

The financial statements were approved by the board of directors and authorised for issue on 26 April 2021.