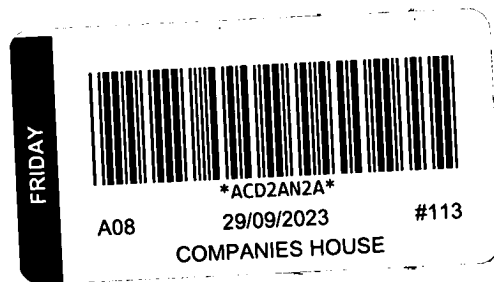


Company Registration No. 02658304 (England and Wales)

**VERCITY SOCIAL INFRASTRUCTURE (UK) LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**



# VERCITY SOCIAL INFRASTRUCTURE (UK) LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mr D Bourgeois Mr R Hoare Ms D McCormack
<b>Secretary</b>	Ms D McCormack
<b>Company number</b>	02658304
<b>Registered office</b>	8 White Oak Square London Road Swanley Kent BR8 7AG
<b>Auditor</b>	KPMG LLP Global House High Street Crawley RH10 1DQ

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# **VERCITY SOCIAL INFRASTRUCTURE (UK) LIMITED**

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# VERCITY SOCIAL INFRASTRUCTURE (UK) LIMITED

## STRATEGIC REPORT

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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The directors present the strategic report and financial statements of Vercity Social Infrastructure (UK) Limited (the "company") for the year ended 31 December 2022.

### Fair review of the business

The principal objective of the company is to deliver exceptional value and client confidence through the intelligent management of infrastructure and corporate assets. The company provides comprehensive innovative asset management and consulting solutions direct to public and private sector clients and to companies with concessions under the government private finance funding arrangements.

Working closely with stakeholders including public and private sector clients, construction contractors, facility service providers and senior debt and equity funding partners, the group creates opportunity for growth through innovation, improving efficiency and the effective management of risk.

The core business of providing management and consulting solutions to companies with concessions under the government private finance funding arrangements, is documented in the Management Service Agreements ("MSAs") and Additional Services Contracts (collectively the "agreements"). The terms of the agreements are typically between three years and the full term of the concession agreements and places obligations on the company to provide specific services that are aligned with the client's contractual obligations and the strategic objectives of the company.

The company has set specific business objectives, which are monitored using a number of key performance indications ("KPIs"). The relevant KPIs for this company are:

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Turnover	15,414	14,046
Profit after Tax	1,430	1,494
Cash at bank and in hand	1,475	3,235

	<b>Number</b>	<b>Number</b>
Number of Management Services Agreements	21	21

At the end of the year the company had 21 MSAs (2021: 21). No change on these contracts occurred during the year. The portfolio provides services to infrastructure projects in the health, education, and defence sectors.

The profit after tax for the year was £1,430,000 (2021: £1,494,000). The decrease on the prior year was as a result of significant investment in operational resource, the learning and development of the company's employees and IT software in support of the delivery of client strategic objectives.

During the coming year the company anticipates acquiring further management contracts and securing technical and asset management support services.

### Other key performance indicators

In the opinion of the directors there are no other key performance indicators whose disclosure is necessary for an understanding of the development, performance or position of the business.

# VERCITY SOCIAL INFRASTRUCTURE (UK) LIMITED

## STRATEGIC REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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### **Principal risks and uncertainties**

The company has sufficient available cash resources to meet its operational commitments and has no external debt obligations. Any risks and uncertainties arise from the commercial contracts, market environment, loss of key staff and the economic and financial environment.

Typically the MSAs are long term agreements for terms of between three years to full term of the concession period. Risks associated with the MSAs include:

#### **Renewal**

MSAs with a term of less than the full concession period term may be market tested on renewal. These may be market tested on renewal. The company bids in a competitive environment for renewed and new agreements.

#### **Scope of services**

The MSAs include obligations to provide a wide scope of professional and consulting services, failure to deliver these obligations may result in financial loss for the client and contractual termination of the agreement.

The company manages these risks by investing in the development of its employees and services through the recruitment of professionally trained resource, the continued investment in the learning and development of its employees, the development of new and innovative services and solutions, investment in IT, regular monitoring of its performance and the maintenance of strong working relationships with all of its stakeholders.

#### **Market environment**

New opportunities to the market are competitively tendered. The company continues to develop its processes, its employees and its service offering to meet the changing needs of its customers and the market in general to ensure that it is best placed to benefit from the opportunities presented.

#### **Loss of key staff**

A key contributor to the company's success reflects its strategy in recruiting experienced and professionally trained staff. The company seeks to ensure the retention of its key staff by offering a competitive remuneration package, career development opportunities, continuous professional development and the award of performance incentive payments.

#### **Economic and financial environment**

Inflation is important to the company in so far that the fee income derived from the majority of its agreements is periodically adjusted against the index of inflation and can therefore impact on the profit margin obtained on each contract. The future uncertainties facing the company in relation to this measure and the wider economic environment are continually reviewed. Through effective management and efficient deployment of resource the company strives to minimise the impact of this risk and continue to provide a secure future for its employees whilst offering a value for money service to all its customers.

#### **Technology**

The effective use of, and investment in information technology is critical to the success of the company. The company has as its strategic objective a commitment to invest in the development of new IT to facilitate the innovation of new service offerings and to add value to the provision of its existing services.

By order of the board and signed on its behalf by



Ms D McCormack

**Director**

27 September 2023

# **VERCITY SOCIAL INFRASTRUCTURE (UK) LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2022**

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

#### **Directors**

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

Mr D Bourgeois

Mr R Hoare

(Appointed 28 March 2023)

Ms D McCormack

Mr S Yeatman

(Resigned 30 December 2022)

The above directors were also during the year, directors of the immediate parent company, Vercity Holdings Limited.

#### **Results and dividends**

The results for the year are set out on page 11.

Interim ordinary dividends were paid amounting to £2,150,000 (£21.5 per share) during the year (2021: £1,600,000 (£16 per share)).

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

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions, in the form of a Directors' and Officers' insurance policy, remain in force at the reporting date.

#### **Political donations**

The company made no political donations or incurred any political expenditure during the year (2021: £nil).

#### **Disabled persons**

Applications for employment by disabled persons are always fully considered. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

#### **Employee involvement**

The company's strengths relate to its experience and capability in delivering a professional and comprehensive service to its clients. It is important that the company maintains a highly qualified and well-motivated work force and every effort is made to achieve a common awareness of the financial and economic factors affecting the performance of the company and the wider business environment.

Regular communication and consultation with employees is essential and achieved through formal and informal meetings, shared communication platforms, annual conferences and regional and functional development days.

#### **Future developments**

An indication of the likely future developments of the company and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on pages 1 to 2.

# **VERCITY SOCIAL INFRASTRUCTURE (UK) LIMITED**

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

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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### **Engagement with stakeholders**

The company engages and works in partnership with a wide range of stakeholders, including investors, customers, suppliers, industry bodies and regulators through regular meetings and forums. Stakeholder assessments are performed to understand which issues are important to the company and its stakeholders and therefore where the company's engagement will be focussed. By understanding the needs of the stakeholders, the company can evolve its strategy to better meet their expectations and focus its reporting.

The company pays particular attention to doing business with integrity and respect. The company has set five values that underpin the way in which it works with stakeholders. The company values are promoted in all stakeholder relationships and employee behaviour is monitored and measured against these.

The company invests in long-term mutually beneficial relationships with key suppliers, so that it can combine capabilities and jointly innovate the services it provides to its customers.

### **Auditor**

The auditor, KPMG LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

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

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

### **Going concern**

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

During the year, the company made a profit after tax of £1,430,000 (2021: £1,494,000). Net current assets at the balance sheet date were £1,480,000 (2021: £2,053,000), net assets were £1,636,000 (2021: £2,356,000) and cash at bank was £1,475,000 (2021: £3,235,000).

The directors have performed an assessment of going concern covering a period of at least twelve months from the date of approval of these financial statements. In doing so, they have considered the group-level strategic plan until 2027 and a detailed forecast up to 31 December 2024.

The base forecast reflects management's approved budgets for the year ending 2023 updated for current trading as well as forecasts to 31 December 2024 using assumptions regarding contract renewal, new business development outcomes, long term inflation rates and changes to tax rates.

The directors have also considered a severe but plausible downside scenario in which all contract renewals in the forecast period are assumed not to be renewed and inflation on staff costs, other direct costs and overheads exceeds the level of inflation expected on revenues by 2.5%. The forecasts are dependent on the group's underlying customer base continuing to meet its payment obligations under the management and financial management services agreements ("MSAs") with the group. As the substantial majority (over 85%) of these customers receive their income through contracts which are underwritten by the UK Government and these customers have continued to pay the group in line with their MSAs throughout the lockdown periods and to date, the directors consider that the risk of the group not receiving the payments due under the MSAs to be very low.

Under both the base case and the severe but plausible downside scenario, the forecasts indicate that the company will have sufficient liquidity to continue to settle its liabilities as they fall due for a period of at least 12 months from the date of approval of the financial statements.

Consequently, the directors believe it is appropriate to continue to prepare the financial statements on a going concern basis.

# **VERCITY SOCIAL INFRASTRUCTURE (UK) LIMITED**

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

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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### **Registered office**

The company's registered office is 8 White Oak Square, London Road, Swanley, Kent BR8 7AG.

On behalf of the board



Ms D McCormack

**Director**

Date: 27 September 2023

8 White Oak Square

London Road

Swanley

Kent

BR8 7AG



# **VERCITY SOCIAL INFRASTRUCTURE (UK) LIMITED**

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT, STRATEGIC REPORT, DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

***FOR THE YEAR ENDED 31 DECEMBER 2022***

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The directors are responsible for preparing the Annual report, 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 accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 VERCITY SOCIAL INFRASTRUCTURE (UK) LIMITED

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#### Opinion on the financial statements

We have audited the financial statements of Vercity Social Infrastructure (UK) Limited ("the Company") for the year ended 31 December 2022 which comprise the Statement of comprehensive income, Balance sheet, Statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

#### Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

#### Fraud and breaches of laws and regulations – ability to detect

##### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and other management as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Considering remuneration incentive schemes and performance targets or management.
- Using analytical procedures to identify any unusual or unexpected relationships

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF VERCITY SOCIAL INFRASTRUCTURE (UK) LIMITED (CONTINUED)

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We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular:

- the risk that Company management may be in a position to make inappropriate accounting entries; and
- the risk that consulting revenue is overstated through recording revenues in the wrong period.

We did not identify any additional fraud risks.

We performed procedures including:

- Assessing whether consulting revenue transactions recorded in the period leading up to year end are accounted for in the correct period by vouching a sample of transactions to supporting documentation to ensure the revenue recognition criteria was met.
- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted with unusual cash and revenue pairings, journals posted to unexpected seldom accounts and material post close journals.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

#### *Identifying and responding to risks of material misstatement related to compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience through discussion with the directors and others management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery and employment law. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

#### *Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF VERCITY SOCIAL INFRASTRUCTURE (UK) LIMITED (CONTINUED)**

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In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

#### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

#### **Matters on which we are required to report by exception**

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, 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 or returns; or
- the parent company 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.

We have nothing to report in these respects.

#### **Directors' responsibilities**

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

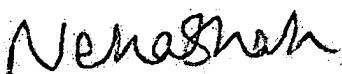
## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF VERCITY SOCIAL INFRASTRUCTURE (UK) LIMITED (CONTINUED)**

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**~~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 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.



**Neha Shah (Senior Statutory Auditor)**

**For and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*

Global House

High Street

Crawley

RH10 1DQ

29 September 2023

# VERCITY SOCIAL INFRASTRUCTURE (UK) LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £'000	2021 £'000
Turnover	3	15,414	14,046
Cost of sales		(9,584)	(8,621)
<b>Gross profit</b>		<b>5,830</b>	<b>5,425</b>
Administrative expenses		(4,052)	(3,534)
<b>Operating profit</b>	4	<b>1,778</b>	<b>1,891</b>
Interest receivable and similar income	7	1	2
<b>Profit before taxation</b>		<b>1,779</b>	<b>1,893</b>
Tax on profit	8	(349)	(399)
<b>Profit for the financial year</b>		<b>1,430</b>	<b>1,494</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>1,430</b>	<b>1,494</b>

The accompanying notes on pages 14 to 27 form an integral part of these financial statements.

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

# VERCITY SOCIAL INFRASTRUCTURE (UK) LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2022

	Notes	2022 £'000	£'000	2021 £'000	£'000
<b>Fixed assets</b>					
Intangible assets	10		108		-
Tangible assets	11		188		308
			<u>296</u>		<u>308</u>
<b>Current assets</b>					
Debtors	12	4,298		3,578	
Cash at bank and in hand		1,475		3,235	
		<u>5,773</u>		<u>6,813</u>	
<b>Creditors: amounts falling due within one year</b>	13	(4,293)		(4,760)	
<b>Net current assets</b>			<u>1,480</u>		<u>2,053</u>
<b>Total assets less current liabilities</b>			<u>1,776</u>		<u>2,361</u>
<b>Provisions for liabilities</b>					
Provisions	14		(135)		-
Deferred tax liabilities	15		(5)		(5)
<b>Net assets</b>			<u>1,636</u>		<u>2,356</u>
<b>Capital and reserves</b>					
Called up share capital	17		100		100
Profit and loss reserves			1,536		2,256
<b>Total equity</b>			<u>1,636</u>		<u>2,356</u>

The accompanying notes on pages 14 to 27 form an integral part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on 27 September 2023 and are signed on its behalf by:



Mr R Hoare  
Director

Company Registration No. 02658304

# VERCITY SOCIAL INFRASTRUCTURE (UK) LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

		Share capital	Profit and loss reserves	Total
	Notes	£'000	£'000	£'000
<b>Balance at 1 January 2021</b>		100	2,362	2,462
<b>Year ended 31 December 2021:</b>				
Profit and total comprehensive income for the year		-	1,494	1,494
Dividends	9	-	(1,600)	(1,600)
		<u>          </u>	<u>          </u>	<u>          </u>
<b>Balance at 31 December 2021</b>		100	2,256	2,356
<b>Year ended 31 December 2022:</b>				
Profit and total comprehensive income for the year		-	1,430	1,430
Dividends	9	-	(2,150)	(2,150)
		<u>          </u>	<u>          </u>	<u>          </u>
<b>Balance at 31 December 2022</b>		<u>100</u>	<u>1,536</u>	<u>1,636</u>

The accompanying notes on pages 14 to 27 form an integral part of these financial statements.



# VERCITY SOCIAL INFRASTRUCTURE (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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### 1 Accounting policies

#### Company information

Vercity Social Infrastructure (UK) Limited is a private company limited by shares incorporated in England in the United Kingdom. The registered office is 8 White Oak Square, London Road, Swanley, Kent, BR8 7AG. The registered number is 02658304.

#### 1.1 Accounting convention

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

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

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

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

- Section 4 'Statement of Financial Position': Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Vercity Holdings Limited. These consolidated financial statements are available from its registered office, 8 White Oak Square, London Road, Swanley, Kent BR8 7AG.

# VERCITY SOCIAL INFRASTRUCTURE (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1 Accounting policies

(Continued)

##### 1.2 Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

During the year, the company made a profit after tax of £1,430,000 (2021: £1,494,000). Net current assets at the balance sheet date were £1,480,000 (2021: £2,053,000), net assets were £1,636,000 (2021: £2,356,000) and cash at bank was £1,475,000 (2021: £3,235,000).

The directors have performed an assessment of going concern covering a period of at least twelve months from the date of approval of these financial statements. In doing so, they have considered the group-level strategic plan until 2027 and a detailed forecast up to 31 December 2024.

The base forecast reflects management's approved budgets for the year ending 2023 updated for current trading as well as forecasts to 31 December 2024 using assumptions regarding contract renewal, new business development outcomes, long term inflation rates and changes to tax rates.

The directors have also considered a severe but plausible downside scenario in which all contract renewals in the forecast period are assumed not to be renewed and inflation on staff costs, other direct costs and overheads exceeds the level of inflation expected on revenues by 2.5%. The forecasts are dependent on the group's underlying customer base continuing to meet its payment obligations under the management and financial management services agreements ("MSAs") with the group. As the substantial majority (over 85%) of these customers receive their income through contracts which are underwritten by the UK Government and these customers have continued to pay the group in line with their MSAs throughout the lockdown periods and to date, the directors consider that the risk of the group not receiving the payments due under the MSAs to be very low.

Under both the base case and the severe but plausible downside scenario, the forecasts indicate that the company will have sufficient liquidity to continue to settle its liabilities as they fall due for a period of at least 12 months from the date of approval of the financial statements.

Consequently, the directors believe it is appropriate to continue to prepare the financial statements on a going concern basis.

##### 1.3 Turnover

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

Turnover related to the provision of management services is recognised over the period to which the services relate. Management services performed, but not invoiced by the balance sheet date are recognised as turnover and are included in current assets as accrued income.

Turnover from consultancy services is recognised by reference to the stage of completion of the contract determined by the value of the services provided at the balance sheet date as a proportion of the total value of the engagement. Where the amount of turnover is contingent on future events, this is only recognised where the amount of turnover can be measured reliably and it is probable that the economic benefits will be received. When this cannot be estimated reliably, turnover is only recognised to the value of the expenses that it is considered probable will be recovered, with a "catch-up" element of turnover recognised based on stage of completion once a reliable estimate can be made. Consultancy services provided to the client which at the balance sheet date have not been invoiced have been recognised as turnover and are included in current assets as accrued income.

# VERCITY SOCIAL INFRASTRUCTURE (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1 Accounting policies

(Continued)

##### 1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	Over 3 years
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##### 1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	Over the term of the lease
Fixtures and fittings	20% Straight line
Computers	33% Straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

##### 1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. Losses arising on revaluation are recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity, in respect of that asset. Any excess is recognised in profit or loss.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

# VERCITY SOCIAL INFRASTRUCTURE (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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### 1 Accounting policies

(Continued)

#### 1.7 Cash and cash equivalents

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

#### 1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Other financial assets**

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

##### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit or loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

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

##### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

# VERCITY SOCIAL INFRASTRUCTURE (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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### 1 Accounting policies

(Continued)

#### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### **Financial instruments (continued)**

##### **Basic financial liabilities**

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow group companies are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

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

##### **Other financial liabilities**

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

##### **Derecognition of financial liabilities**

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

### 1.9 Equity instruments

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

### 1.10 Taxation

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

#### **Current tax**

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

# VERCITY SOCIAL INFRASTRUCTURE (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1 Accounting policies

(Continued)

##### Taxation (continued)

###### **Deferred tax**

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

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

#### 1.11 Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

#### 1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.13 Retirement benefits

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension costs charged to the profit and loss account represent the contribution payable by the company during the year.

#### 1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

# VERCITY SOCIAL INFRASTRUCTURE (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 1 Accounting policies

(Continued)

#### 1.15 Interest payable and interest receivable

Interest payable and similar expenses includes interest payable and net foreign exchange losses that are recognised in the profit and loss account.

Interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### Critical estimates and judgements

The following estimate has had the most significant effect on amounts recognised in the financial statements:

#### Recognition of turnover from consultancy services

As disclosed in note 1.3, the company accounts for consultancy income by reference to the stage of completion of the contract. The directors use their judgement in estimating the stage of completion at the balance sheet date. When making these judgements the directors make reference to the resources required to complete the contract.

### 3 Turnover and other revenue

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

	2022 £'000	2021 £'000
<b>Turnover analysed by class of business</b>		
Management service agreements	13,324	12,616
Consultancy	2,090	1,430
	<u>15,414</u>	<u>14,046</u>
	2022 £'000	2021 £'000
<b>Turnover analysed by geographical market</b>		
UK	15,378	14,046
Rest of the World	36	-
	<u>15,414</u>	<u>14,046</u>

# VERCITY SOCIAL INFRASTRUCTURE (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 4 Operating profit

	Notes	2022 £'000	2021 £'000
Operating profit for the year is stated after charging:			
Fees payable to the company's auditor for the audit of these financial statements		35	27
Depreciation of owned tangible fixed assets	11	171	210
Loss on disposal of tangible fixed assets		41	-
Amortisation of intangible assets		6	-
Operating lease charges	18	543	534
		<u>          </u>	<u>          </u>

#### 5 Employees

The average monthly number of persons (including directors) employed by the company during the year analysed by category was:

	2022 Number	2021 Number
Directors	2	2
Project and Administration	335	320
	<u>          </u>	<u>          </u>
	337	322
	<u>          </u>	<u>          </u>

Their aggregate remuneration comprised:

	2022 £'000	2021 £'000
Wages and salaries	21,618	19,605
Social security costs	2,328	2,153
Pension costs	1,910	1,865
	<u>          </u>	<u>          </u>
	25,856	23,623
	<u>          </u>	<u>          </u>

#### 6 Directors' remuneration

	2022 £'000	2021 £'000
Remuneration for qualifying services	602	594
Company pension contributions to defined contribution schemes	35	19
Sums paid to third parties for directors' services	19	17
	<u>          </u>	<u>          </u>
	656	630
	<u>          </u>	<u>          </u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2021 - 1).



# VERCITY SOCIAL INFRASTRUCTURE (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 6 Directors' remuneration

(Continued)

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2022 £'000	2021 £'000
Remuneration for qualifying services	294	297
Company pension contributions to defined contribution schemes	35	19
	<u>          </u>	<u>          </u>

### 7 Interest receivable and similar income

	2022 £'000	2021 £'000
Interest income		
Interest on bank deposits	1	2
	<u>          </u>	<u>          </u>

### 8 Taxation

	2022 £'000	2021 £'000
<b>Current tax</b>		
UK corporation tax on profits for the current period	349	364
	<u>          </u>	<u>          </u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	35
	<u>          </u>	<u>          </u>
Total tax charge	349	399
	<u>          </u>	<u>          </u>

The tax assessed for the year is higher than (2021: higher than) the standard rate of corporation tax in the UK at 20% (2021: 21%). The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2022 £'000	2021 £'000
Profit before taxation	1,779	1,893
	<u>          </u>	<u>          </u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	338	360
Tax effect of expenses that are not deductible in determining taxable profit	4	4
Depreciation on assets not qualifying for tax allowances	7	38
Retirement benefit obligations	-	(3)
	<u>          </u>	<u>          </u>
Taxation charge for the year	349	399
	<u>          </u>	<u>          </u>

# VERCITY SOCIAL INFRASTRUCTURE (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 8 Taxation (Continued)

For the year ended 31 December 2022, the UK rate of 19% (2021: 19%) is applied.

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the company's future current tax charge accordingly.

#### 9 Dividends

	2022 £'000	2021 £'000
Interim paid	2,150	1,600

#### 10 Intangible fixed assets

	Software License £'000
<b>Cost</b>	
At 1 January 2022	-
Additions	114
At 31 December 2022	114
<b>Amortisation and impairment</b>	
At 1 January 2022	-
Amortisation charged for the year	6
At 31 December 2022	6
<b>Carrying amount</b>	
At 31 December 2022	108
At 31 December 2021	-

The amortisation of intangibles fixed assets is recognised within net operating costs in the statement of comprehensive income.

# VERCITY SOCIAL INFRASTRUCTURE (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 11 Tangible fixed assets

	Leasehold land and buildings £'000	Fixtures and fittings £'000	Computers £'000	Total £'000
<b>Cost</b>				
At 1 January 2022	504	140	602	1,246
Additions	-	-	90	90
Disposals	(327)	(72)	(91)	(490)
At 31 December 2022	177	68	601	846
<b>Depreciation and impairment</b>				
At 1 January 2022	318	118	502	938
Depreciation charged in the year	89	16	66	171
Eliminated in respect of disposals	(294)	(66)	(91)	(451)
At 31 December 2022	113	68	477	658
<b>Carrying amount</b>				
At 31 December 2022	64	-	124	188
At 31 December 2021	186	22	100	308

The depreciation of tangibles fixed assets is recognised within net operating costs in the comprehensive income statement.

### 12 Debtors

	2022 £'000	2021 £'000
<b>Amounts falling due within one year:</b>		
Trade debtors	13	82
Amounts owed by group undertakings	2,051	1,612
Amounts owed by related parties	939	1,123
Other debtors	178	26
Prepayments and accrued income	1,117	735
	4,298	3,578

Amounts due from group undertakings and related parties is repayable on demand, unsecured and interest free.

# VERCITY SOCIAL INFRASTRUCTURE (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 13 Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Trade creditors	323	372
Corporation tax	175	215
Other taxation	831	1,394
Other creditors	198	6
Accruals and deferred income	2,766	2,773
	<u>4,293</u>	<u>4,760</u>

Amounts owed to group undertakings are payable on demand, unsecured and interest free.

#### 14 Provisions for liabilities

	2022 £'000	2021 £'000
London office dilapidation costs	135	-
	<u>135</u>	<u>-</u>

The provision is for the dilapidation costs in relation to the exit of the London office lease on 24th July 2023.

#### 15 Deferred taxation

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

	Liabilities 2022 £'000	Liabilities 2021 £'000
<b>Balances:</b>		
Capital allowances in excess of depreciation	5	5
	<u>5</u>	<u>5</u>

There were no deferred tax movements in the year.

#### 16 Retirement benefit schemes

	2022 £'000	2021 £'000
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	1,910	1,865
	<u>1,910</u>	<u>1,865</u>

The company operates a defined contribution pension scheme in respect of certain employees. The scheme and its assets are held by independent managers. The company also contributes to a number of privately administered defined contribution pension schemes. The pension charge for the year represents contributions payable by the company.

At the balance sheet date £197,000 (2021: £181,000) remained unpaid.

# VERCITY SOCIAL INFRASTRUCTURE (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 17 Share capital and reserves

	2022 Number	2021 Number	2022 £'000	2021 £'000
Ordinary share capital Issued and fully paid				
Ordinary Shares of £1 each	100,000	100,000	100	100

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.

### 18 Operating lease commitments

#### Lessee

Operating lease payments represent rentals payable by the company for certain of its properties. Leases are negotiated for an average term of 5 years and rentals are fixed for an average of 5 years with an options to extend for a further 5 years at the prevailing market rate.

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022 £'000	2021 £'000
Within one year	339	631
Between two and five years	238	529
	<u>577</u>	<u>1,160</u>

During the year £543,000 (2021: £534,000) was recognised as an expense in the profit and loss account in respect of operating leases.

### 19 Related party transactions

#### Transactions with related parties

The immediate parent company, Vercity Holdings Limited, is owned by Innisfree M&G PPP LP through its nominee Innisfree Nominees Limited, jointly managed by Innisfree Limited and M&G Investment Management Limited.

The Innisfree group of entities have interests in all of the projects to which the company provide management services.

In aggregate the company made sales totalling £10,595,000 (2021: £9,981,000) to these projects and at the balance sheet date the amount owing from these undertakings was £939,000 (2021: £1,123,000).

As the company is a wholly owned subsidiary of Vercity Holdings Limited, the company has taken advantage of the exemption contained in FRS 102 Section 33. 1.A, and has therefore not disclosed transactions or balances with entities which form part of the group.

During the year D Burton, C James, T Pearson and M Webber were directors of Vercity Holdings Limited and are also directors of Innisfree Limited. The company was charged £19,000 (2021: £17,000) for the year by Innisfree Limited for providing directorial services to the Vercity group of companies. At the balance sheet date the amount owing to Innisfree Limited was £nil (2021: £nil).

# **VERCITY SOCIAL INFRASTRUCTURE (UK) LIMITED**

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

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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### **20 Ultimate controlling party**

The immediate parent company is Vercity Holdings Limited, a company incorporated in England & Wales.

The smallest and largest group in which the results of the company are consolidated is that headed by the immediate parent company. The consolidated accounts of this group are available to the public and may be obtained from Vercity Holdings Limited, 8 White Oak Square, London Road, Swanley, Kent, BR8 7AG.

In the directors' opinion the company's ultimate parent undertaking and controlling party is Innisfree M&G PPP LP, a limited partnership registered in England & Wales, with a registered office address of First floor, Boundary House, 91/93 Charterhouse Street, London, EC1M 6HR.