Company Registration No. 02658304 (England and Wales)

VERCITY SOCIAL INFRASTRUCTURE (UK) LIMITED
(FORMERLY HCP SOCIAL INFRASTRUCTURE (UK) LIMITED)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

VERCITY SOCIAL INFRASTRUCTURE (UK) LIMITED

COMPANY INFORMATION

Directors	Mr D Bourgeois Ms D McCormack Mr S Yeatman Mr M Webber (resigned 23 September 2020)
Secretary	Ms D McCormack
Company number	02658304
Registered office	8 White Oak Square London Road Swanley Kent BR8 7AG
Auditor	KPMG LLP 15 Canada Square London United Kingdom E14 5GL

VERCITY SOCIAL INFRASTRUCTURE (UK) LIMITED

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VERCITY SOCIAL INFRASTRUCTURE (UK) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present the strategic report and financial statements of Vercity Social Infrastructure (UK) Limited (the "company") for the year ended 31 December 2020.

The company formally known as HCP Social Infrastructure (UK) Limited changed its name to Vercity Social Infrastructure (UK) Limited with effect from 26th April 2021. The name change was in conjunction with a re-branding of the group to better reflect what the business is and support the objectives for sustainable growth.

Fair review of the business
The principal activity of the company is to provide comprehensive and innovative asset management solutions to companies with concessions under the UK Government's Private Finance Initiative ("PFI") and direct to public and private sector clients

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

The core business of providing contracted management services is documented in the Management Service Agreements ("MSA's"). The terms of the MSA's are typically for the full concession period of the projects and provide 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 ("KPI's"). The relevant KPI's for this company are:

	2020	2019
	£'000	£'000
Turnover	13,701	13,413
Profit after Tax	1,427	1,153
Cash at bank and in hand	4,289	3,548
	Number	**Number**
Number of Management Services Agreements	21	20

At the end of the year the company had 21 MSA's. No change on these contracts occured during the year. The portfolio provides services to infrastructure projects in the health, education, and defence sectors. During the coming year the company anticipates acquiring further management contracts and securing technical and asset management support services.

The profit after tax for the year of £1,427,000 (2019: £1,153,000). The increase on the prior year was as a result of business growth and overhead cost savings as a result of the restrictions imposed on employee travel imposed by the global pandemic.

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

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 MSA's are long term agreements effective to the end of the project concession term. Risks associated with the MSA's include:

Renewal
There are a small number of MSA's that are for a period of less than the full concession period. These may be market tested on renewal. The company bids in a competitive environment for new MSA's.

Scope of services
The MSA's include obligations to provide a wide scope of 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 professional and commercial training of its employees, the development of new and innovative services, investment in IT, regular monitoring of its performance and by maintaining strong working relationships with all 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.

COVID-19 risks
The World Health Organisation declared a global pandemic on 11 March 2020. The company is exposed to the COVID-19 risk as a result of the inherent uncertainty around the impact of the pandemic on UK society and economy. Whilst the company itself is not considered to be significantly exposed, clients which it engages with are considered to have exposure through their sub-contractors in relation to labour and the ability to continue to perform required services. The company is aware of the Government guidance for public bodies on payment to suppliers to ensure service continuity during and after the coronavirus outbreak, which provides additional assurance that clients will continue to honour their contracts with the group. Due to the evolving nature of the risk, the Board continue to actively monitor developments.

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.

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.

Brexit
On 31 January 2020, the UK revoked its membership with the European Union. The company is exposed to Brexit risk as a result of the inherent uncertainty around the ongoing impact of this exit. The company is not exposed to international trade or exchange rate fluctuations, the financial risks are unlikely to be significant. Any impacts should be limited to inflation risk and to the cost implementing any wider regulatory and legal consequences of exiting the EU. Due to the evolving nature of the risk, the board continue to actively monitor developments.

Going concern and the COVID-19 pandemic
The directors have prepared cash flow forecasts which indicate that, taking account of severe downsides, the company will have sufficient funds to meet its liabilities as they fall due. Further information of the directors' assessment including the consideration of the impact of COVID-19 is contained within note 1.2.

Taking into account reasonable possible risks in operations to the company, the fact the obligations of the majority of the company's clients have a sole customer that are underwritten by the Secretary of State for Health, The Secretary of State for Defence, the Department for Transport and the Department for Education, the directors have a reasonable expectation that the company will be able to settle its liabilities as they fall due to the foreseeable future. It is therefore appropriate to prepare these financial statements on the going concern basis.

By order of the board and signed on its behalf by

Ms D McCormack
Secretary
27 September 2021

The directors present their annual report and audited financial statements for the year ended 31 December 2020.

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	
Ms D McCormack	
Mr M Webber	(Resigned 23 September 2020)
Mr S Yeatman	

The above directors are also 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 £1,300,000 during the year (2019: £1,000,000).

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 (2019: £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 3.

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 company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its financial instruments and derivative activities, and its exposures to price, credit, liquidity and cash flow risk are described in the strategic report, as is the expected exposure to and implications of Brexit and the COVID-19 pandemic . After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

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

By order of the board and signed on its behalf

Ms D McCormack
Secretary
27 September 2021

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors are responsible for preparing the Annual 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.

KPMG

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VERCITY SOCIAL INFRASTRUCTURE (UK) LIMITED

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 2020 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 2020 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 inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Considering remuneration incentive schemes and performance targets for management
- Using analytical procedures to identify any unusual or unexpected relationships.

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, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that other revenue is recorded in the wrong period and the risk that Group management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of the Company-wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual or unrelated accounts.

Identifying and responding to risks of material misstatement due to non-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 and through discussion with the directors (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, anti-bribery, employment law, data protection and privacy laws. 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.

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.

KPMG

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VERCITY SOCIAL INFRASTRUCTURE (UK) LIMITED (CONTINUED)

Other information

The directors are responsible for the other information, which comprises the strategic report and the directors' report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion 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 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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities

KPMG

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VERCITY SOCIAL INFRASTRUCTURE (UK) LIMITED (CONTINUED)

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.

PBarron

Paul Barron (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor

15 Canada Square
London
United Kingdom
E14 5GL

28th September 2021

VERCITY SOCIAL INFRASTRUCTURE (UK) LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £'000	2019 £'000
Turnover	3	13,701	13,413
Cost of sales		(8,358)	(8,196)
Gross profit		5,343	5,217
Administrative expenses		(3,522)	(3,829)
Operating profit	4	1,821	1,388
Interest receivable and similar income	5	5	12
Profit before taxation		1,826	1,400
Tax on profit	9	(389)	(247)
Profit for the financial year		1,437	1,153
Other comprehensive income		-	-
Total comprehensive income for the year		1,437	1,153

The accompanying notes on pages 14 to 26 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 2020

	Notes	2020 £'000	2020 £'000	2019 £'000	2019 £'000
Fixed assets					
Tangible assets	**11**		437		718
Current assets					
Debtors	**12**	1,937		2,159	
Cash at bank and in hand		4,289		3,548	
		6,226		5,707	
Creditors: amounts falling due within one year	**13**	(4,199)		(4,098)	
Net current assets			2,027		1,609
Total assets less current liabilities			2,464		2,327
Provisions for liabilities			(2)		(2)
Net assets			2,462		2,325
Capital and reserves					
Called up share capital	**15**		100		100
Profit and loss reserves			2,362		2,225
Total equity			2,462		2,325

The accompanying notes on pages 14 to 26 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 2021 and are signed on its behalf by:

Stuart Yeatman

Mr S Yeatman
Director

Company Registration No. 02658304

VERCITY SOCIAL INFRASTRUCTURE (UK) LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Share capital £'000	Profit and loss reserves £'000	Total £'000
Balance at 1 January 2019		100	2,072	2,172
Year ended 31 December 2019:				
Profit and total comprehensive income for the year		-	1,153	1,153
Dividends	**10**	-	(1,000)	(1,000)
Balance at 31 December 2019		100	2,225	2,325
Year ended 31 December 2020:				
Profit and total comprehensive income for the year		-	1,437	1,437
Dividends	**10**	-	(1,300)	(1,300)
Balance at 31 December 2020		100	2,362	2,462

The accompanying notes on pages 14 to 26 form an integral part of these financial statements.

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 (formerly HCP Holdings Limited). These consolidated financial statements are available from its registered office, 8 White Oak Square, London Road, Swanley, Kent BR8 7AG.

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 £1,427,000 (2019: £1,153,000). Net current assets at the balance sheet date were £2,017,000 (2019: £1,609,000), net assets were £2,452,000 (2019: £2,325,000) and cash at bank was £4,289,000 (2019: £3,548,000). Interim dividends of £1,300,000 (2019: £1,000,000) were paid in the year.

The directors have prepared a strategic plan until 2026 and a detailed forecast up to 31 December 2022, which indicate that, taking account of severe but plausible downsides the company will have sufficient funds to meet its liabilities as they fall due for a period of at least 12 months from the approval of these financial statements ("the going concern period"). Specifically the directors have considered a severe but plausible downside scenario in which all contract renewals in the forecast period are assumed not to be renewed. The forecasts are dependent on the company's underlying customer base continuing to meet its payment obligations under the management services agreements ("MSA's") with the company. 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 company in line with their MSAs throughout the lockdown periods and to date, the directors consider that the risk of the company not receiving the payments due under the MSA's to be very low.

In making this assessment the directors have considered the potential impact of the continuing COVID-19 pandemic.

The directors have reviewed their contingency plans and are satisfied the company's resource base has the ability to provide the services in line with the contracts without significant additional costs to the company, even in downside scenarios. To date, there has been no adverse impact on the services provided by the company arising from COVID-19.

Consequently the directors are confident that there is sufficient liquidity in place and that for the company will have sufficient funds to meet its liabilities as they fall due during the going concern period, even under the severe but plausible downside scenario. The directors have therefore prepared 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 debtors 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 debtors as accrued income.

1 Accounting policies **(Continued)**

1.4 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	10% Straight line
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.

1.5 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 (if any). 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. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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.

1.6 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 Accounting policies **(Continued)**

1.7 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.

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.

1 Accounting policies **(Continued)**

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
Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

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.

1.8 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.

1.9 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.

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.

1.10 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.

1.11 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.

1.12 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.

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.

There are no critical estimates or judgements made in determining amounts included in the financial statements.

3 Turnover and other revenue

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

	2020	2019
	£'000	£'000
Turnover analysed by class of business		
Services income	12,163	11,904
Other income	1,538	1,509
	13,701	13,413

	2020	2019
	£'000	£'000
Turnover analysed by geographical market		
UK	13,701	13,413

4 Operating profit

Operating profit for the year is stated after charging:	Notes	2020 £'000	2019 £'000
Fees payable to the company's auditor for the audit of the company's financial statements		42	35
Depreciation of owned tangible fixed assets	11	344	273
Operating lease charges	16	466	532

5 Interest receivable and similar income

	2020	2019
	£'000	£'000
Interest income		
Interest on bank deposits	5	12

6 Employees

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

	2020 Number	2019 Number
Directors	2	2
Project and Administration	308	320
	310	322

6 Employees (Continued)

Their aggregate remuneration comprised:

	2020 £'000	2019 £'000
Wages and salaries	18,655	18,795
Social security costs	1,919	1,988
Pension costs	1,708	1,724
	22,282	22,507

7 Directors' remuneration

	2020 £'000	2019 £'000
Remuneration for qualifying services	584	571
Company pension contributions to defined contribution schemes	17	27
	601	598

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

	2020 £'000	2019 £'000
Remuneration for qualifying services	296	260

8 Retirement benefit schemes

Defined contribution schemes	2020 £'000	2019 £'000
Charge to profit or loss in respect of defined contribution schemes	1,708	1,724

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 £169,000 (2019: £156,000) remained unpaid.

9 Taxation

	2020 £'000	2019 £'000
Current tax		
UK corporation tax on profits for the current period	389	284
Adjustments in respect of prior periods	-	1
Total current tax	389	285
Deferred tax		
Origination and reversal of timing differences	-	(38)
Total tax charge	389	247

The tax assessed for the year is higher than the standard rate of corporation tax in the UK at 21% (2019: 18%). 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:

	2020 £'000	2019 £'000
Profit before taxation	1,826	1,400
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	347	266
Tax effect of expenses that are not deductible in determining taxable profit	6	1
Adjustments in respect of prior years	-	1
Depreciation on assets not qualifying for tax allowances	36	11
Deferred tax adjustments in respect of prior years	-	(32)
Taxation charge for the year	389	247

For the year ended 31 December 2020, the UK rate of 19% (2019: 19%) is applied.

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020.

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 and increase the deferred tax asset by £10,000.

10 Dividends

	2020 £'000	2019 £'000
Interim paid	1,300	1,000

11 Tangible fixed assets

	Leasehold land and buildings	Fixtures and fittings	Computers	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2020	510	142	662	1,314
Additions	5	-	58	63
Disposals	(11)	(1)	(199)	(211)
At 31 December 2020	504	141	521	1,166
Depreciation and impairment				
At 1 January 2020	109	41	446	596
Depreciation charged in the year	129	49	165	343
Eliminated in respect of disposals	(10)	(1)	(199)	(210)
At 31 December 2020	228	89	412	729
Carrying amount				
At 31 December 2020	276	52	109	437
At 31 December 2019	401	101	216	718

12 Debtors

Amounts falling due within one year:	**Notes**	**2020 £'000**	**2019 £'000**
Trade debtors		3	59
Amounts owed by group undertakings		202	141
Amounts due from related parties	**17**	876	1,049
Other debtors		261	286
Prepayments and accrued income		563	592
		1,905	2,127
Deferred tax asset	**14**	32	32
		1,937	2,159

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

13 Creditors: amounts falling due within one year

	2020 £'000	2019 £'000
Trade creditors	251	269
Amounts owed to parent undertaking	-	3
Corporation tax	206	141
Other taxation	1,129	1,153
Other creditors	8	32
Accruals and deferred income	2,605	2,500
	4,199	4,098

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

14 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:

Balances:	Liabilities 2020 £'000	Liabilities 2019 £'000	Assets 2020 £'000	Assets 2019 £'000
Depreciation in excess of capital allowances	2	-	32	32
Retirement benefits obligations	-	2	-	-
	2	2	32	32

There were no deferred tax movements in the year.

15 Share capital and reserves

Ordinary share capital	2020 Number	2019 Number	2020 £'000	2019 £'000
Issued and fully paid				
Ordinary Shares of £1 each	100,000	100,000	100	100

16 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 option 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:

	2020 £'000	2019 £'000
Within one year	639	632
Between two and five years	1,144	2,360
In over five years	15	1,852
	1,798	4,844

During the year £466,000 (2019: £532,000) was recognised as an expense in the profit and loss account in respect of operating leases.

17 Related party transactions

Transactions with related parties

The immediate parent company, Vercity Holdings Limited (formerly HCP 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 £12,169,000 (2019: £11,800,000) to these projects and at the balance sheet date the amount owing from these undertakings was £876,000 (2019: £1,049,000).

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 M Webber, C James, T Pearson and D Burton were directors of Vercity Holdings Limited and are also directors of Innisfree Limited. The company was charged £16,000 (2019: £16,000) 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 (2019: £nil).

18 Ultimate controlling party

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

The 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.