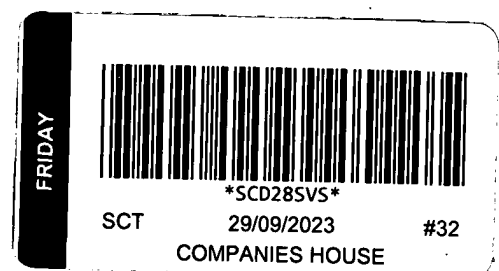


COMPANY REGISTRATION NUMBER: 03912906

Alert Communications Limited
Annual Report and Financial Statements
31 March 2023



Alert Communications Limited
Annual Report and Financial Statements
Year Ended 31 March 2023

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Alert Communications Limited

Officers and Professional Advisers

The Board of Directors	Matthew Taylor Mark Knight John Cavill Matthew Edward Bealey
Company Secretary	Nicholas Borrett
Registered Office	33 Wigmore Street London England W1U 1QX
Independent Auditors	PricewaterhouseCoopers LLP Chartered Accountants & Statutory Auditors Level 4 Atria One 144 Morrison Street Edinburgh EH3 8EX
Bankers	Barclays 71 Lombard Street London EC3P 3BS

Alert Communications Limited

Strategic Report

Year Ended 31 March 2023

The Directors present their Strategic Report for the Year Ended 31 March 2023.

Principal Activities

The principal activities of the company are to finance, operate and maintain a Received Signal Service Communications Link as a Private Finance Initiative (PFI) project with the Ministry of Defence.

The contract is in year 19 of its term expiring in 2033.

Review of Business

As the Company is in the full operational phase it faces operational risks and actively monitors financial performance against loan covenants. During the year the company was fully compliant with the contractual terms and incurred no penalty points. From a financial perspective the company has been performing well and has been compliant with the covenants laid out in the loan agreement. The Company is also forecasting compliance with the covenants laid out in the loan agreement.

The directors expect the performance of the Company to be in line with the forecasting model and remain profitable in future years.

Future Developments

The directors intend for the business to continue to operate in line with the contractual terms and do not expect any strategic changes.

Key Performance Indicators

The performance of the Company from a cash perspective is assessed on a six monthly basis by the testing of the covenants of the senior debt provider, the key indicator being the debt service cover ratio. The Company has been performing well and has been compliant with the covenants laid out in the loan agreement.

Climate Change

The directors recognise that it is important to disclose their view of the impact of climate change on the company. The company's key operational contracts are long-term and with a small number of known counterparties. In most cases, the cashflows from these contracts can be predicted with reasonable certainty for at least the medium-term. Having considered the company's operations, its contracted rights and obligations and forecast cash flows, there is not expected to be a significant impact upon the company's operational or financial performance arising from climate change.

Going Concern

The financial statements are prepared on a going concern basis notwithstanding net liabilities of £1,638,925 (2022: £4,512,870) which the directors believe to be appropriate for the following reasons.

The Company prepares cash flow forecasts covering the expected life of the asset and so including the 12 month period from the date the financial statements are signed. In drawing up these forecasts, the Directors have made assumptions based upon their view of the current and future economic conditions that will prevail over the forecast period. Based on these forecasts the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

In light of this, the Directors continue to adopt the going concern basis of accounting in preparing the Company's annual financial statements.

Alert Communications Limited

Strategic Report *(continued)*

Year Ended 31 March 2023

Principal Risks and Uncertainties

Due to the nature of the Company's business, the financial risks the directors consider relevant to this Company are credit, interest rate, cash flow and liquidity risk. The credit and cash flow risks are not considered significant as the client is a quasi governmental organisation. The significant risks are considered to be:

Interest Rate Risk

The financial risk management objectives of the Company are to ensure that financial risks are mitigated by the use of financial instruments where they cannot be addressed by contractual provisions. The Company uses interest rate swaps to reduce its exposure to interest rate movements. Financial instruments are not used for speculative purposes.

Liquidity Risk

The Company's liquidity risk is principally managed through financing the Company by means of long-term borrowings.

This report was approved by the board of directors on 26 September 2023 and signed on behalf of the board by:



.....
Mark Knight
Director

Alert Communications Limited

Directors' Report

Year Ended 31 March 2023

The directors present their report and the audited Annual Report and Financial Statements of Alert Communications Limited ("the Company") for the year ended 31 March 2023.

Directors

The directors who served the Company during the year and up to the date of this report were as follows:

John Cavill	
Matthew Taylor	(Appointed 20 September 2022)
Mark Knight	(Appointed 8 February 2023)
Matthew Edward Bealey	(Appointed 3 August 2023)
James Edenborough	(Resigned 14 February 2023)
Peter Sheldrake	(Resigned 8 February 2023)
Richard Drake	(Resigned 20 September 2022)

Performance Review

The profit for the financial year, after taxation, amounted to £880,371 (2022: £1,819,558).

The profit for the financial year will be transferred to reserves.

The directors are satisfied with the overall performance of the Company and do not foresee any significant change in the Company's activities in the coming financial year.

Dividends

The directors do not recommend the payment of a dividend.

Future Developments

For detail on financial risks management and Future Developments, refer to the Strategic Report.

Qualifying Third Party Indemnity Provisions

During the year, and at the date of this report, the Company has in place qualifying third party indemnity provisions for the benefit of its directors.

Disclosure of Information to Auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Alert Communications Limited

Directors' Report *(continued)*

Year Ended 31 March 2023

This report was approved by the board of directors on 26 September 2023 and signed by order of the board by:



Mark Knight
Director

Alert Communications Limited

Directors' Responsibilities Statement

Year Ended 31 March 2023

The directors are responsible for preparing the Strategic Report, Directors' Report and the Annual Report and Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare the Annual Report and Financial Statements for each financial year. Under that law the directors have prepared the Annual Report and Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland ("FRS 102"), and applicable law).

Under company law the directors must not approve the Annual Report and Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the profit or loss of the Company for that period.

In preparing the Annual Report and Financial Statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the Annual Report and Financial Statements; and
- prepare the Annual Report and Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors' responsibilities were approved by the board on 26 September 2023 and signed on its behalf by:



Mark Knight
Director

Alert Communications Limited

Independent Auditors' Report to the Members of Alert Communications Limited

Year Ended 31 March 2023

Report on the Audit of the Financial Statements

Opinion

In our opinion, Alert Communications Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 March 2023; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions Relating to Going Concern

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

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's ability to continue as a going concern.

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

Alert Communications Limited

Independent Auditors' Report to the Members of Alert Communications Limited (continued)

Year Ended 31 March 2023

Reporting on Other Information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the Financial Statements and the Audit

Responsibilities of the Directors for the Financial Statements

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

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

Alert Communications Limited

Independent Auditors' Report to the Members of Alert Communications Limited (continued)

Year Ended 31 March 2023

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006 and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and the risk of management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Enquiries of management around known or suspected instances of non-compliance with laws and regulations, claims and litigation, and instances of fraud;
- Understanding of management's controls designed to prevent and detect irregularities;
- Review of board minutes;
- Challenging management on assumptions and judgements made in their significant accounting estimates, in particular in relation to the fair value of derivative financial instruments;
- Identifying and testing journal entries to assess whether any of the journals appeared unusual, for example impacting revenue and distributable reserves.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of This Report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Alert Communications Limited

Independent Auditors' Report to the Members of Alert Communications Limited (continued)

Year Ended 31 March 2023

Other Required Reporting

Companies Act 2006 Exception Reporting

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

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

We have no exceptions to report arising from this responsibility.



Matthew Kaye (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants & Statutory Auditors
Edinburgh

27 September 2023

Alert Communications Limited
Statement of Comprehensive Income
Year Ended 31 March 2023

	Note	2023 £	2022 £
Turnover	4	11,934,537	10,196,450
Cost of sales		<u>(5,898,988)</u>	<u>(4,305,175)</u>
Gross profit		6,035,549	5,891,275
Administrative expenses		<u>(2,579,760)</u>	<u>(2,506,573)</u>
Operating profit	5	3,455,789	3,384,702
Interest receivable and similar income	8	276,135	443,418
Interest payable and similar expenses	9	<u>(2,366,871)</u>	<u>(2,466,361)</u>
Profit before taxation		1,365,053	1,361,759
Tax on profit	10	<u>(484,682)</u>	<u>457,799</u>
Profit for the financial year		<u>880,371</u>	<u>1,819,558</u>
Fair value movements on cash flow hedging instruments, net of tax		<u>1,993,574</u>	<u>2,768,708</u>
Total comprehensive income for the year		<u>2,873,945</u>	<u>4,588,266</u>

All the activities of the Company are from continuing operations.

The notes on pages 14 to 26 form part of these Financial Statements.

Alert Communications Limited

Statement of Financial Position

As at 31 March 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	11	15,170,817	17,133,900
Investments	12	4,693,137	4,693,137
		<u>19,863,954</u>	<u>21,827,037</u>
Current assets			
Debtors	13	8,935,867	9,579,042
Cash at bank and in hand		2,235,851	3,212,637
		<u>11,171,718</u>	<u>12,791,679</u>
Creditors: amounts falling due within one year	14	(6,113,228)	(7,302,126)
Net current assets		<u>5,058,490</u>	<u>5,489,553</u>
Total assets less current liabilities		<u>24,922,444</u>	<u>27,316,590</u>
Creditors: amounts falling due after more than one year	15	(24,536,087)	(29,738,964)
Provisions for liabilities	16	(2,025,282)	(2,090,496)
Net liabilities		<u>(1,638,925)</u>	<u>(4,512,870)</u>
Capital and reserves			
Called up share capital	18	476,000	476,000
Hedging reserve	19	(1,103,126)	(3,096,700)
Accumulated losses	19	(1,011,799)	(1,892,170)
Total shareholders' deficit		<u>(1,638,925)</u>	<u>(4,512,870)</u>

The Financial Statements were approved by the board of directors and authorised for issue on 26 September 2023, and are signed on behalf of the board by:



Mark Knight
Director

Company registration number: 03912906

The notes on pages 14 to 26 form part of these Financial Statements.

Alert Communications Limited

Statement of Changes in Equity

Year Ended 31 March 2023

	Called up share capital £	Hedging reserve £	Accumulated losses £	Total £
At 1 April 2021	476,000	(5,865,408)	(3,711,728)	(9,101,136)
Profit for the financial year			1,819,558	1,819,558
Other comprehensive income for the year:				
Fair value movements on cash flow hedging instruments, net of tax	–	2,768,708	–	2,768,708
Total comprehensive income for the year	–	2,768,708	1,819,558	4,588,266
At 31 March 2022	476,000	(3,096,700)	(1,892,170)	(4,512,870)
Profit for the financial year			880,371	880,371
Other comprehensive income for the year:				
Fair value movements on cash flow hedging instruments, net of tax	–	1,993,574	–	1,993,574
Total comprehensive income for the year	–	1,993,574	880,371	2,873,945
At 31 March 2023	<u>476,000</u>	<u>(1,103,126)</u>	<u>(1,011,799)</u>	<u>(1,638,925)</u>

Included in the fair value movement on cash flow hedging instruments is £902,502 (2022: £1,655,235) that was recycled through Interest Payable in the Statement of Comprehensive Income.

The notes on pages 14 to 26 form part of these Financial Statements.

Alert Communications Limited

Notes to the Annual Report and Financial Statements

Year Ended 31 March 2023

1. General Information

Alert Communications Limited ("the Company") is a private company limited by shares and is incorporated in England and Wales. The address of its registered office is 33 Wigmore Street, London, England, W1U 1QX.

The principal activities of the company are to finance, operate and maintain a Received Signal Service Communications Link as a Private Finance Initiative (PFI) project with the Ministry of Defence.

The Company's functional and presentation currency is the pound sterling.

2. Statement of Compliance

The individual financial statements of Alert Communications Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Accounting Policies

(a) Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities.

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

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

(b) Going concern

The financial statements are prepared on a going concern basis notwithstanding net liabilities of £1,638,925 (2022: £4,512,870) which the directors believe to be appropriate for the following reasons.

The Company prepares cash flow forecasts covering the expected life of the asset and so including the 12 month period from the date the financial statements are signed. In drawing up these forecasts, the Directors have made assumptions based upon their view of the current and future economic conditions that will prevail over the forecast period. Based on these forecasts the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

In light of this, the Directors continue to adopt the going concern basis of accounting in preparing the Company's annual financial statements.

Alert Communications Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year Ended 31 March 2023

3. Accounting Policies *(continued)*

(c) Disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of BIIF Holdco Limited which can be obtained from the Company Secretary at Cannon Place, 78 Cannon Street, London, EC4N 6AF. As such, advantage has been taken of the following disclosure exemptions available under FRS 102:

- (a) No cash flow statement has been presented for the Company.
- (b) Certain disclosures required by Sections 11 and 12 of FRS 102 (Basic Financial Instruments and Other Financial Instruments Issues respectively)

(d) Consolidation

The Company is an 80% owned subsidiary of BIIF Holdco Limited, a company incorporated in England and Wales. In accordance with Section 400 of the Companies Act 2006, the Company is not required to produce, and has not published, consolidated financial statements.

(e) Judgments and key sources of estimation uncertainty

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

Key sources of estimation uncertainty

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

i) Impairment of assets

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

Alert Communications Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year Ended 31 March 2023

3. Accounting Policies *(continued)*

ii) Fair values for derivative contracts

Fair values for derivative contracts are based on mark-to-market valuations provided by the contract counterparty. Whilst these can be tested for reasonableness, the exact valuation methodology and forecast assumptions for future interest rates or inflation rates are specific to the counterparty.

iii) Service concession contract

Accounting for the service concession contract and finance debtor requires estimation of service margin, finance debtor interest rates and associated amortisation profile which is based on projected trading results to the end of the contract.

(f) Revenue recognition

Turnover represents the management services income received by the Company for the provision of a PFI asset to the customer. The income is received over the life of the concession period. Management service income is allocated between turnover, finance debtor interest and reimbursement of the finance debtor so as to generate a constant rate of return in respect of the finance debtor over the life of the contract.

(g) Income tax

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

i) Current Tax

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

Alert Communications Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year Ended 31 March 2023

3. Accounting Policies *(continued)*

ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is also recognised on the revaluations of derivative financial instruments, with the movements going through the Statement of Comprehensive Income.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the deferred tax asset or liability.

(h) Cash and cash equivalents

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

The Company is obligated to keep cash reserves as at the balance sheet date in respect of requirements in the company's funding agreements. This restricted cash balance, which is shown within the "cash at bank and in hand" balance amounts to £1,305,000 (2022:£968,184).

(i) Borrowings

Borrowings are recognised at amortised cost using the effective interest rate method. Under the effective interest rate method, any transaction fees, costs, discounts and premiums directly related to the borrowings are recognised in the Statement of Comprehensive Income over the life of the borrowings. Borrowings with maturities greater than twelve months after the reporting date are classified as non-current liabilities.

(j) Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Alert Communications Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year Ended 31 March 2023

3. Accounting Policies *(continued)*

(k) Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Freehold property	-	Straight line over 27 years
Plant & machinery	-	Straight line over 27 years

(l) Investments in associates

Investments in associates accounted for in accordance with the cost model are recorded at cost less any accumulated impairment losses.

Investments in associates accounted for in accordance with the fair value model are initially recorded at the transaction price. At each reporting date, the investments are measured at fair value, with changes in fair value recognised in other comprehensive income/profit or loss. Where it is impracticable to measure fair value reliably without undue cost or effort, the cost model will be adopted.

Dividends and other distributions received from the investment are recognised as income without regard to whether the distributions are from accumulated profits of the associate arising before or after the date of acquisition.

(m) Impairment of fixed assets

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

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

(n) Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the Statement of Financial Position and the amount of the provision as an expense. Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset.

Alert Communications Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year Ended 31 March 2023

3. Accounting Policies *(continued)*

(o) Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price and subsequently at amortised cost, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Other financial instruments are subsequently measured at fair value, with any changes recognised in the Statement of Comprehensive Income, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in the Statement of Comprehensive Income immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in the Statement of Comprehensive Income immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised. 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 entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the Statement of Financial Position. Finance costs and gains or losses relating to financial liabilities are included in the Statement of Comprehensive Income. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Alert Communications Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year Ended 31 March 2023

3. Accounting Policies *(continued)*

(p) Hedge accounting

The Company has entered into an arrangement with third parties that is designed to hedge future cash flows arising on variable rate interest loan arrangements, with the net effect of exchanging the cash flows arising under those arrangements for a stream of fixed interest cash flows ("interest rate swaps").

To qualify for hedge accounting, documentation is prepared specifying the hedging strategy, the component transactions and methodology used for effectiveness measurement. Changes in the carrying value of financial instruments that are designated and effective as hedges of future cash flows ("cash flow hedges") are recognised directly in a hedging reserve in equity and any ineffective portion is recognised immediately in the Statement of Comprehensive Income. Amounts deferred in equity in respect of cash flow hedges are subsequently recognised in the Statement of Comprehensive Income in the same period in which the hedged item affects net profit or loss or the hedging relationship is terminated and the underlying position being hedged has been extinguished.

The UK Financial regulator (the FCA) legislated that sterling LIBOR would cease to be published after 31 December 2021, however, has confirmed it will allow the temporary use of 'synthetic' sterling LIBOR rates in all legacy LIBOR contracts that had not been changed at or ahead of 31 December 2021. As described at Note 15, the Company's borrowings and hedge agreements are linked to LIBOR.

The Company completed negotiations with the lender, effective 31 March 2022, to agree an amendment to both the loan and swap agreement to provide for the replacement of LIBOR, with an interest rate based on the Compounded Reference Rate. The Compounded Reference rate will be SONIA (sterling overnight index average) plus a 5 day credit adjustment spread. The use of the same LIBOR replacement rate for both the loan and swap agreement means that the LIBOR Transition Amendments are materially net cash neutral for the company and that the current hedge effectiveness continues.

4. Turnover

Turnover arises from:

	2023	2022
	£	£
Rendering of Services	<u>11,934,537</u>	<u>10,196,450</u>

The whole of the turnover is attributable to the principal activity of the Company wholly undertaken in the United Kingdom.

5. Operating Profit

Operating profit or loss is stated after charging:

	2023	2022
	£	£
Depreciation of tangible assets	<u>1,963,083</u>	<u>1,963,083</u>

Alert Communications Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year Ended 31 March 2023

6. Auditors' Remuneration

	2023	2022
	£	£
Fees payable for the audit of the annual report and financial statements	<u>17,280</u>	<u>15,700</u>

Included in the fee above is the audit of the other associated companies: Alert Communications (2006) Limited, Alert Communications (Holdings) Limited and Alert Communications Group Holdings Limited. These audit costs have not been recharged to the associated companies.

7. Particulars of Employees and Directors

The average number of persons employed by the Company during the financial year amounted to nil (2022: nil). The directors are not employed by the Company and did not receive any remuneration from the Company during the year (2022: £nil).

8. Interest Receivable and Similar Income

	2023	2022
	£	£
Interest on cash and cash equivalents	52,742	632
Interest from Group undertakings	<u>223,393</u>	<u>442,786</u>
	<u>276,135</u>	<u>443,418</u>

9. Interest Payable and Similar Expenses

	2023	2022
	£	£
Interest on bank loans and overdrafts	1,666,500	1,866,392
Interest due to Group undertakings	681,989	583,285
Other interest payable and similar expenses	<u>18,382</u>	<u>16,684</u>
	<u>2,366,871</u>	<u>2,466,361</u>

10. Tax on Profit

Major components of tax expense/(income)

	2023	2022
	£	£
Current tax:		
UK current tax expense	255,351	1,346
Adjustments in respect of prior periods	<u>(36,192)</u>	<u>—</u>
Total current tax	<u>219,159</u>	<u>1,346</u>

Alert Communications Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year Ended 31 March 2023

10. Tax on Profit *(continued)*

	2023 £	2022 £
Deferred tax:		
Origination and reversal of timing differences	82,907	(459,145)
Adjustment from previous periods	182,616	–
Total deferred tax	265,523	(459,145)
Tax on profit	484,682	(457,799)

Reconciliation of tax expense/(income)

The tax assessed on the profit for the year is higher than (2022: lower than) the standard rate of corporation tax in the UK of 19% (2022: 19%).

	2023 £	2022 £
Profit before taxation	1,365,053	1,361,759
Profit before taxation by rate of tax	259,360	258,734
Adjustment to tax charge in respect of prior periods	146,424	2,692
Effect of expenses not deductible for tax purposes	37,665	37,716
Effect of revenue exempt from tax	(42,445)	(84,129)
Effect of changes in tax rates	(128,476)	(307,621)
Deferred tax not recognised	212,154	(365,191)
Total tax charge/(credit)	484,682	(457,799)

11. Tangible Assets

	Freehold property £	Plant and machinery £	Total £
Cost			
At 1 April 2022 and 31 March 2023	5,238,594	47,764,663	53,003,257
Depreciation			
At 1 April 2022	3,545,160	32,324,197	35,869,357
Charge for the year	194,021	1,769,062	1,963,083
At 31 March 2023	3,739,181	34,093,259	37,832,440
Carrying amount			
At 31 March 2023	1,499,413	13,671,404	15,170,817
At 31 March 2022	1,693,434	15,440,466	17,133,900

Alert Communications Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year Ended 31 March 2023

12. Investments

	Shares in Group undertakings £
Cost	
At 1 April 2022 and 31 March 2023	<u>4,693,137</u>
Impairment	
At 1 April 2022 and 31 March 2023	<u>-</u>
Carrying amount	
At 31 March 2023	<u>4,693,137</u>
At 31 March 2022	<u>4,693,137</u>

The Company owns 100% of the issued preference share capital of Alert Communications (2006) Limited which is registered at 33 Wigmore Street London, W1U 1QX.

	2023 £	2022 £
Aggregate capital and reserves	(906,486)	(1,006,909)
Profit/ (Loss) for the year	100,433	(118,959)

The directors believe that based on a review of forecasts, the future profits support the value of the investments.

13. Debtors

	2023 £	2022 £
Trade debtors	61,857	-
Amounts owed by Group undertakings	5,165,870	4,942,473
Deferred tax asset	3,387,801	4,383,063
Prepayments and accrued income	99	-
Corporation tax repayable	320,240	253,506
	<u>8,935,867</u>	<u>9,579,042</u>

The debtors above include the following amounts falling due after more than one year:

	2023 £	2022 £
Deferred tax asset	<u>3,387,801</u>	<u>4,383,063</u>

Amounts owed by Group undertakings relate to preference share interest due from Alert Communications (2006) Limited.

Alert Communications Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year Ended 31 March 2023

14. Creditors: amounts falling due within one year

	2023	2022
	£	£
Bank loans and overdrafts	2,551,807	4,796,427
Trade creditors	548,065	351,646
Amounts owed to Group undertakings	2,185,385	1,503,395
Accruals and deferred income	597,130	394,263
Taxation and social security	230,841	256,395
	<u>6,113,228</u>	<u>7,302,126</u>

Amounts owed to Group undertakings relates to accrued interest due on subordinated debt of £2,185,385 (2022: £1,503,395). Further information on the subordinated loan is detailed in the following note.

15. Creditors: amounts falling due after more than one year

	2023	2022
	£	£
Bank loans and overdrafts	20,171,546	22,716,325
Amounts owed to Group undertakings	2,893,706	2,893,706
Derivative financial liability	1,470,835	4,128,933
	<u>24,536,087</u>	<u>29,738,964</u>

Included within creditors: amounts falling due after more than one year is an amount of £9,630,967 (2022: £15,244,585) in respect of liabilities payable or repayable by instalments which fall due for payment after more than five years from the reporting date.

Amounts owed to Group undertakings relate to a shareholder loan which bears interest at a rate of 14.04% per annum with interest accruing daily. Final repayment of the loan is due in 2030. The sum was advanced under a subordinated secured loan agreement and is therefore secured by way of a floating charge over the assets of the Company, a fixed charge over the shares of the Company, and a floating charge over the assets of Alert Communications (Holdings) Limited.

The bank loan is secured by a bond and floating charge over all the assets, rights and undertakings of the Company and a floating charge over the assets of Alert Communications (Holdings) Limited. The loan is repayable under an instalment scheme, the final repayment is due on 31 March 2030. The loan has an interest rate swap arrangement receiving SONIA and paying interest fixed at 5.97% for the full amount of the loan drawn, hence fixing the total interest payable on the bank loan to 6.57%. The full amount of loan drawdown at 31 March 2023 is £22,890,456 (2022: £27,698,237). Issue costs of £167,103 (2022: £185,485) have been set off against the total loan drawdowns.

16. Provisions for Liabilities

	Deferred tax (note 17)
	£
At 1 April 2022	2,090,496
Other movements 1	(65,214)
At 31 March 2023	<u>2,025,282</u>

Alert Communications Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year Ended 31 March 2023

17. Deferred Tax

The deferred tax included in the Statement of Financial Position is as follows:

	2023	2022
	£	£
Included in debtors (note 13)	3,387,801	4,383,063
Included in provisions for liabilities (note 16)	(2,025,282)	(2,090,496)
	<u>1,362,519</u>	<u>2,292,567</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2023	2022
	£	£
Accelerated capital allowances	(2,025,282)	(2,090,496)
Unused tax losses	3,020,092	3,350,830
Derivative financial instruments	367,709	1,032,233
	<u>1,362,519</u>	<u>2,292,567</u>

	2023
	£
Opening balance	2,292,567
Movement through the profit or loss	(265,523)
Movement through other comprehensive income	(664,525)
Closing balance	<u>1,362,519</u>

The net deferred tax liability expected to reverse in 2024 is £113,145 (2023: £21,418). This primarily relates to the reversal of timing differences on capital allowances offset by expected utilisation of tax losses and short term timing differences.

18. Called Up Share Capital

Issued, called up and fully paid

	2023		2022	
	No.	£	No.	£
Ordinary shares of £1 each	<u>476,000</u>	<u>476,000</u>	<u>476,000</u>	<u>476,000</u>

There is a single class of ordinary share. There are no restrictions on the distribution of dividends and the repayment of capital.

19. Reserves

The hedging reserve records fair value movements on cash flow and net investment hedging instruments.

Retained earnings records retained earnings and accumulated losses.

Alert Communications Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year Ended 31 March 2023

20. Related Party Transactions

The Company is wholly owned by Alert Communications (Holdings) Limited and has taken advantage of the exemption in section 33 of FRS 102 'Related Party Disclosures', that allows it not to disclose transactions with wholly owned members of a group.

The following disclosures are with entities in the Group that are not wholly owned:

The Company paid £3,856,974 (2022: £3,375,213) to Babcock Communications Limited in connection with the operation, maintenance, build and management fees. Babcock Communications Limited is a subsidiary of Babcock International Group PLC, which ultimately holds 20% of the share capital in Alert Communications Group Holdings Limited. At the year end fees of £446,756 (2022: £351,643) were outstanding.

The Company also paid £28,937 (2022: £24,427) to Babcock Communications Limited and £52,568 (2022: £48,228) to BIIF L.P. for Directors fees.

During the year Infrastructure Managers Limited, a fellow group company, provided management services to Alert Communications Limited.

21. Controlling Party

The immediate parent undertaking is Alert Communications (Holdings) Limited.

The intermediate parent undertaking is BIIF Holdco Limited, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of BIIF Holdco Limited consolidated financial statements can be obtained from the Company Secretary at Cannon Place, 78 Cannon Street, London, EC4N 6AF.

The ultimate parent and controlling party is BIIF L.P. BIIF L.P. is owned by a number of investors with no one investor having individual control.