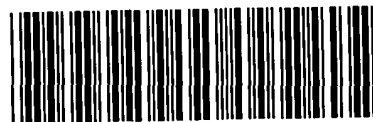


**Group Strategic Report, Directors' Report and
Audited Consolidated Financial Statements for the Year Ended 31 March 2021**
for
**Pyramid Accommodation Services
(Cornwall) Holdings Limited**

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**Pyramid Accommodation Services
(Cornwall) Holdings Limited (Registered number: 04157174)**

**Contents of the Consolidated Financial Statements
for the Year Ended 31 March 2021**

| | Page |
|---|-------------|
| Company Information | 1 |
| Group Strategic Report | 2 |
| Directors' Report | 5 |
| Statement of Directors' Responsibilities | 7 |
| Independent Auditor's Report | 8 |
| Consolidated Statement of Comprehensive Income | 10 |
| Consolidated Statement of Financial Position | 11 |
| Company Statement of Financial Position | 12 |
| Consolidated Statement of Changes in Equity | 13 |
| Company Statement of Changes in Equity | 14 |
| Consolidated Statement of Cash Flows | 15 |
| Notes to the Consolidated Financial Statements | 16 |

**Pyramid Accommodation Services
(Cornwall) Holdings Limited**

**Company Information
for the Year Ended 31 March 2021**

Directors:

C R Field
J S Gordon
P K Johnstone
I D Lamerton
M T Smith
C T Solley

Secretary:

W L Rapley

Registered office:

3-5 Charlotte Street
Manchester
M1 4HB

Registered number:

04157174 (England and Wales)

Independent auditor:

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

**Pyramid Accommodation Services
(Cornwall) Holdings Limited (Registered number: 04157174)**

**Group Strategic Report
for the Year Ended 31 March 2021**

The directors present their strategic report of the company and the group for the year ended 31 March 2021.

These financial statements have been prepared under FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Company objectives

Pyramid Accommodation Services (Cornwall) Holdings Limited undertakes a Private Finance Initiative (PFI) concession contract to design, build, refurbish, finance and operate fire stations for Cornwall Council.

Review of business

The company is a holding company with one wholly owned subsidiary undertaking. Pyramid Accommodation Services (Cornwall) Limited "the Project Company" which undertakes a Private Finance Initiative (PFI) concession contract to design, build, refurbish, finance and operate fire stations for Cornwall Council.

In the reporting year, the group made an operating profit of £166,000 (2020: operating profit of £249,000) due to higher legal fees and lifecycle costs.

The group's operations are managed under the supervision of its shareholders and lenders and are largely determined by the detailed terms of the PFI contract with the Council and the subcontracts with Interserve Construction Ltd ("ICL") formerly known as Interserve Project Services Limited ("IPSL") which supplies the construction and fabric replacement service and Sodexo Limited who supply facilities management and maintenance services throughout the life of the concession. For this reason, the company's directors believe that no other key performance indicators apart from profit are necessary or appropriate for an understanding of the performance or position of the business. On the 22 December 2018, Pyramid Accommodation Services (Cornwall) Holdings Limited changed its management service provider from Interserve Investments Limited to Albany SPC Services Limited.

Directors do not anticipate a change in the company's activity for the foreseeable future.

The Directors, in preparing this Strategic Report, have complied with s414C of the Companies Act 2006.

The company was incorporated in Great Britain and registered in England and Wales. The company is domiciled in the United Kingdom.

Principal risks and uncertainties

The company's principal activity as detailed above is risk averse as its trading relationships with its customer, funders and subcontractors are determined by the terms of their respective detailed PFI contracts. One of the risks of the group is that services may not be able to continue due to the financial failure of one of the group's subcontractors. The financial stability of the facilities management and management services are being monitored. Its main exposure is to financial risks as detailed in the following section.

One of the risks of the group is that services may not be able to continue due to the financial failure of one of the group's subcontractors. The financial stability of the construction company is being monitored. The directors have reviewed the benchmarking information on the fabric replacement contract fee and are comfortable that this is a market rate which would enable replacement of the contractor for a similar fee.

**Pyramid Accommodation Services
(Cornwall) Holdings Limited (Registered number: 04157174)**

**Group Strategic Report
for the Year Ended 31 March 2021**

Financial risk management

The group has exposures to a variety of financial risks which are managed with the purpose of minimising any potential adverse effect on the company's performance.

The board has policies for managing each of these risks and they are summarised below:

Interest rate risk

The group hedged its interest rate risk at the inception of the project by swapping its variable rate debt into fixed rate by the use of an interest rate swap. Interest is recognised on the accruals basis at the appropriate date.

Inflation risk

The group's project revenue and most of its costs were linked to inflation at the inception of the project, resulting in the project being largely insensitive to inflation.

Liquidity risk

The group adopts a prudent approach to liquidity management by maintaining sufficient cash and liquid resources to meet its obligations. Due to the nature of the project cash flows are reasonably predictable and so this is not a major risk area for the company.

Credit risk

The group receives the bulk of its revenue from a local authority and therefore is not exposed to significant credit risk. Cash investments and interest rate swap arrangement are with institutions of a suitable credit quality.

Ownership

In the directors' opinion there is no ultimate controlling party. The ultimate shareholders are PPP Equity PIP LP (acting through its General Partner, Dalmore Capital 6 GP Limited, and its manager Dalmore Capital Limited) and Aberdeen Infrastructure Partners LP Inc. (acting by its General Partner, Aberdeen Infrastructure Finance GP Ltd and its manager Aberdeen Asset Managers Limited).

**Pyramid Accommodation Services
(Cornwall) Holdings Limited (Registered number: 04157174)**

**Group Strategic Report
for the Year Ended 31 March 2021**

Going concern

Pyramid Accommodation Services (Cornwall) Holdings Limited is a holding company with wholly owned subsidiary undertaking, Pyramid Accommodation Services (Cornwall) Limited (the 'Project Company'). The Project company has a Credit Agreement with lenders. Under the agreement, Interserve PLC was acting as a parent company guarantee (PCG) entity for both the facilities management subcontractor, Interserve (Facilities Management) Limited, and the building subcontractor, Interserve Construction Limited, both of which were subsidiaries of Interserve PLC. On the 15 March 2019, Interserve PLC went into administration, as a result of which Interserve (Facilities Management) Limited and Interserve Construction Limited were sold to Interserve Group Limited, a newly incorporated private company controlled by its lenders.

Under the Credit Agreement with the lenders, if the PCG entity enters administration, this triggers an Event of Default. Once Interserve PLC entered administration, an Event of Default occurred. On 20 November 2020, an agreement was reached accepting the PCG of Interserve Group Limited for Interserve Construction Limited and Interserve (Facilities Management) Limited. A lender consent letter was signed waiving the subsisting Event of Default. As a result, the company is no longer in default due to the administration of Interserve PLC.

Furthermore, on 25 June 2020 Interserve Group Limited and Mitie Group Plc announced that they had signed a Sale and Purchase Agreement for the merger of Interserve's Facilities Management (FM) businesses with that of Mitie Group Plc. On 30 November 2020 Mitie Group Plc completed the merger of Interserve's FM businesses and that with effect from 1 December 2020 Interserve's FM businesses are now owned by Mitie Group Plc. Services have not been affected by these changes.

The directors have prepared a detailed model forecast to project completion incorporating the relevant terms of the PFI contract, subcontracts and Credit Agreement and reasonably prudent economic assumptions. This forecast and associated business model, which is updated regularly, predicts that the company will be profitable and will have sufficient cash resources to operate within the terms of the PFI contract, Subcontract and Credit agreement. Therefore, the directors, having considered the financial position of the group and its expected future cash flows, have prepared the financial statements on a going concern basis. The directors confirm that they do not intend to liquidate the company or cease trading as we consider we have realistic alternatives to doing so.

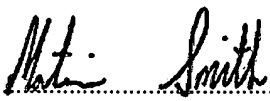
Since the COVID-19 outbreak, the customer, the Cornwall Council, have continued making unitary payments in accordance with the Infrastructure and Projects Authority guidance note, and the onward payments to the Facilities Management company have continued to be paid in accordance with the Project Agreement.

The directors confirm the completeness of the information provided regarding events and conditions relating to going concern at the date of approval of the financial statements, including plans for future actions.

The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

Approved by the Board of Directors and signed on behalf of the Board.

On behalf of the board:


.....
Director M T Smith

Date: 30/09/2021

**Pyramid Accommodation Services
(Cornwall) Holdings Limited (Registered number: 04157174)**

**Directors' Report
for the Year Ended 31 March 2021**

The directors present their report with the financial statements of the company and the group for the year ended 31 March 2021.

Strategic Report

The information that fulfils the Companies Act requirements of the business review is included in the Strategic Report. This includes a review of the development of the business of the company during the year, of its position at the end of the year and the likely future developments in its business.

Details of the principal risks and uncertainties are included in the strategic report and includes information related to the going concern assumptions.

Principal activity

Pyramid Accommodation Services (Cornwall) Holdings Limited undertakes a Private Finance Initiative (PFI) concession contract to design, build, refurbish, finance and operate fire stations for Cornwall Council.

Review of the business

In the reporting year, the company made an operating profit of £166,000 (2020: operating profit of £249,000) due to higher legal fees and lifecycle costs.

Environment

The company recognises the importance of its environmental responsibilities, monitors its impact on the environment and implements policies via its sub-contractors to reduce any damage that might be caused by the company's activities.

Employees

The company has no direct employees (2020 nil).

Dividends

The directors have paid dividends during the year of £235,000 (2020: £nil). No dividend is proposed at the year end (2020: £nil).

Going concern

Information related to the going concern assumptions is included in the Strategic Report.

Events since the end of the year

Information relating to events since the end of the year is given in the notes to the financial statements.

Directors

The directors shown below have held office during the whole of the period from 1 April 2020 to the date of this report.

C R Field
J S Gordon
P K Johnstone
I D Lamerton
C T Solley
M T Smith

C R Field ceased to be a director after 31 March 2021 but prior to the date of this report.

Political donations and expenditure

There have been no political donations or political expenditure made during the year (2020: No such expenditure).

**Pyramid Accommodation Services
(Cornwall) Holdings Limited (Registered number: 04157174)**

**Directors' Report
for the Year Ended 31 March 2021**

COVID-19

The World Health Organisation declared the COVID-19 outbreak a health emergency on 30 January 2020 and a global pandemic on 11 March 2020. Many actions taken by the UK Government and the private sector to respond to the outbreak followed these announcements. A review of the financial impact on the Company in responding to COVID-19 has been assessed as low. This is because the Company is still able to provide the services required under the Project agreement as the sub-contracted Facilities Management company is still able to provide the necessary services as the work is deemed to be essential and the persons delivering those services deemed to be key workers, as confirmed by a guidance note released by the Infrastructure and Projects Authority on 2 April 2020.

Since the COVID-19 outbreak, the Council have continued making unitary payments in accordance with the guidance included in the Infrastructure and Projects Authority guidance note.

Other information

An indication of performance of the business and likely future developments in the business have been included in the Strategic Report.

Directors' indemnity insurance

No directors benefit from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Statement as to disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that so far as they are each aware there is no relevant audit information of which the group's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the group's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and Johnston Carmichael LLP will therefore continue in office.

On behalf of the board:



Director M T Smith

Date: 30/09/2021

**Pyramid Accommodation Services
(Cornwall) Holdings Limited (Registered number: 04157174)**

**Statement of Directors' Responsibilities
for the Year Ended 31 March 2021**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group 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 accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's Report to the Members of Pyramid Accommodation Services (Cornwall) Holdings Limited (Registered number: 04157174)

Opinion

We have audited the financial statements of Pyramid Accommodation Services (Cornwall) Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31st March 2021 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Cash Flow Statement and Consolidated Notes to the Financial Statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2021 and of the group's profit for the year then ended;
- the group and parent company's financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report and the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us 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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit is considered capable of detecting irregularities, including fraud

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

We assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations by considering their experience, past performance and support available.

All engagement team members were briefed on relevant identified laws and regulations and potential fraud risks at the planning stage of the audit. Engagement team members were reminded to remain alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the company, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The most relevant frameworks we identified include:

- FRS 102
- Companies Act 2006
- Corporation Tax legislation
- VAT legislation

We gained an understanding of how the company is complying with these laws and regulations by making enquiries of management and those charged with governance. We corroborated these enquiries by review of submitted returns and board meeting minutes.

We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by meeting with management and those charged with governance to understand where it was considered there was susceptibility to fraud. This evaluation also considered how management and those charged with governance were remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how management and those charged with governance oversee the implementation and operation of controls. In areas of the financial statements where the risks were considered to be higher, we performed procedures to address each identified risk.

The following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

- Reviewing the financial statement disclosures to assess compliance with the laws and regulation described as having a direct effect on the financial statements;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing the level of and reasoning behind the company's procurement of legal and professional services; and
- Performing audit work procedures over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing judgements made by management in their calculation of accounting estimates for potential management bias.

Our audit procedures were designed to respond to the risk of material misstatements in the financial statements, recognising that the risk of not detecting a material risk due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve intentional concealment, forgery, collusion, omission or misrepresentation. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Grant Roger (Senior Statutory auditor)

30 September 2021

7-11 Melville Street

Edinburgh

EH3 7PE

For and on behalf of Johnston Carmichael LLP,

Chartered Accountants

Statutory Auditor

**Pyramid Accommodation Services
(Cornwall) Holdings Limited (Registered number: 04157174)**

**Consolidated Statement of Comprehensive Income
for the Year Ended 31 March 2021**

| | Notes | 2021 £'000 | 2020 £'000 |
|---|-------|---------------|---------------|
| Turnover | 4 | 1,311 | 936 |
| Cost of sales | | (829) | (464) |
| Gross profit | | 482 | 472 |
| Administrative expenses | | (316) | (223) |
| Operating profit | 6 | 166 | 249 |
| Interest receivable and similar income | 7 | 447 | 481 |
| Interest payable and similar expenses | 8 | (357) | (437) |
| Profit before taxation | | 256 | 293 |
| Tax on profit | 9 | 576 | (348) |
| Profit/(loss) for the financial year | | 832 | (55) |
| Other comprehensive income | | | |
| Fair value movement on derivatives | | 154 | 97 |
| Income tax relating to other comprehensive income | | (30) | (6) |
| Other comprehensive income for the year, net of income tax | | 124 | 91 |
| Total comprehensive income for the year | | 956 | 36 |
| Profit attributable to: | | | |
| Owners of the parent | | 832 | (55) |
| Total comprehensive income attributable to: | | | |
| Owners of the parent | | 956 | 36 |

The notes on pages 16 to 33 form part of these financial statements

**Pyramid Accommodation Services
(Cornwall) Holdings Limited (Registered number: 04157174)**

**Consolidated Statement of Financial Position
31 March 2021**

| | Notes | 2021 £'000 | 2020 £'000 |
|--|-------|---------------------|-------------------|
| Current assets | | | |
| Debtors: amounts falling due within one year | 13 | 749 | 717 |
| Debtors: amounts falling due after more than one year | 13 | 5,386 | 5,917 |
| Cash at bank and in hand | | 867 | 1,283 |
| | | <u>7,002</u> | <u>7,917</u> |
| Creditors: amounts falling due within one year | 14 | <u>(947)</u> | <u>(4,319)</u> |
| Net current assets | | <u>6,055</u> | <u>3,598</u> |
| Total assets less current liabilities | | <u>6,055</u> | <u>3,598</u> |
| Creditors: amounts falling due after more than one year | 15 | <u>(4,016)</u> | <u>(1,604)</u> |
| Provisions for liabilities | 18 | <u>(679)</u> | <u>(1,355)</u> |
| Net assets | | <u><u>1,360</u></u> | <u><u>639</u></u> |
| Capital and reserves | | | |
| Called up share capital | 19 | 4 | 4 |
| Cash flow hedging reserve | 20 | (305) | (429) |
| Retained earnings | 20 | 1,661 | 1,064 |
| Shareholders' funds | | <u><u>1,360</u></u> | <u><u>639</u></u> |

The financial statements were approved by the Board of Directors and authorised for issue on30/09/2021..... and were signed on its behalf by:


.....
Director M T Smith

The notes on pages 16 to 33 form part of these financial statements

**Pyramid Accommodation Services
(Cornwall) Holdings Limited (Registered number: 04157174)**

**Company Statement of Financial Position
31 March 2021**

| | Notes | 2021 £'000 | 2020 £'000 |
|--|-------|----------------|----------------|
| Fixed assets | | | |
| Investments | 12 | <u>1,104</u> | <u>1,104</u> |
| Total assets less current liabilities | | <u>1,104</u> | <u>1,104</u> |
| Creditors: amounts falling due after more than one year | 15 | <u>(1,100)</u> | <u>(1,100)</u> |
| Net assets | | <u>4</u> | <u>4</u> |
| Capital and reserves | | | |
| Called up share capital | 19 | <u>4</u> | <u>4</u> |
| Shareholders' funds | | <u>4</u> | <u>4</u> |
| Company's profit for the financial year | | <u>235</u> | <u>-</u> |

The financial statements were approved by the Board of Directors and authorised for issue on 30/09/2021 and were signed on its behalf by:


Director M T Smith

The notes on pages 16 to 33 form part of these financial statements

**Pyramid Accommodation Services
(Cornwall) Holdings Limited (Registered number: 04157174)**

**Consolidated Statement of Changes in Equity
for the Year Ended 31 March 2021**

| | Called up share capital £'000 | Retained earnings £'000 | Cash flow hedging reserve £'000 | Total equity £'000 |
|-----------------------------------|--|--|--|-----------------------------------|
| Balance at 1 April 2019 | 4 | 1,119 | (520) | 603 |
| Changes in equity | | | | |
| Deficit for the year | - | (55) | - | (55) |
| Other comprehensive income | - | - | 91 | 91 |
| Total comprehensive income | - | (55) | 91 | 36 |
| Balance at 31 March 2020 | 4 | 1,064 | (429) | 639 |
| Changes in equity | | | | |
| Profit for the year | - | 832 | - | 832 |
| Other comprehensive income | - | - | 124 | 124 |
| Total comprehensive income | - | 832 | 124 | 956 |
| Dividends | - | (235) | - | (235) |
| Balance at 31 March 2021 | 4 | 1,661 | (305) | 1,360 |

The notes on pages 16 to 33 form part of these financial statements

**Pyramid Accommodation Services
(Cornwall) Holdings Limited (Registered number: 04157174)**

**Company Statement of Changes in Equity
for the Year Ended 31 March 2021**

| | Called up share capital £'000 | Retained earnings £'000 | Total equity £'000 |
|---------------------------------|--|--|-----------------------------------|
| Balance at 1 April 2019 | 4 | - | 4 |
| Changes in equity | | | |
| Profit for the year | - | - | - |
| Balance at 31 March 2020 | 4 | - | 4 |
| Changes in equity | | | |
| Profit for the year | - | 235 | 235 |
| Total comprehensive income | - | 235 | 235 |
| Dividends | - | (235) | (235) |
| Balance at 31 March 2021 | 4 | - | 4 |

The notes on pages 16 to 33 form part of these financial statements

**Pyramid Accommodation Services
(Cornwall) Holdings Limited (Registered number: 04157174)**

**Consolidated Statement of Cash Flows
for the Year Ended 31 March 2021**

| | Notes | 2021 £'000 | 2020 £'000 |
|---|-------|-------------------|---------------------|
| Cash flows from operating activities | | | |
| Cash generated from operations | 24 | 552 | 632 |
| Tax paid | | (90) | (113) |
| Net cash from operating activities | | <u>462</u> | <u>519</u> |
| Cash flows from investing activities | | | |
| Interest received | | 447 | 481 |
| Net cash from investing activities | | <u>447</u> | <u>481</u> |
| Cash flows from financing activities | | | |
| Senior Secured Loan | | (485) | (450) |
| Interest Paid | | (605) | (244) |
| Equity dividends paid | | (235) | - |
| Net cash from financing activities | | <u>(1,325)</u> | <u>(694)</u> |
| (Decrease)/increase in cash and cash equivalents | | <u>(416)</u> | <u>306</u> |
| Cash and cash equivalents at beginning of year | 25 | 1,283 | 977 |
| Cash and cash equivalents at end of year | 25 | <u><u>867</u></u> | <u><u>1,283</u></u> |

The notes on pages 16 to 33 form part of these financial statements

**Pyramid Accommodation Services
(Cornwall) Holdings Limited (Registered number: 04157174)**

**Notes to the Consolidated Financial Statements
for the Year Ended 31 March 2021**

1. Statutory information

Pyramid Accommodation Services (Cornwall) Holdings Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. Accounting policies

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards. The particular accounting policies adopted by the directors are described below, and have been applied consistently throughout the current and prior year except as noted below.

The financial statements have been prepared under FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

The particular policies adopted by the directors are described below.

These financial statements have been prepared in accordance with the historical cost convention, modified to include certain items at fair value (see Derivative Financial Instruments below) and in accordance with FRS 102.

Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertaking. As a consolidated statement of comprehensive income is published, a separate statement of comprehensive income for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006. The result for the financial year of the parent company was £nil (2020: £nil).

**Pyramid Accommodation Services
(Cornwall) Holdings Limited (Registered number: 04157174)**

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2021**

2. Accounting policies - continued

Going concern

Pyramid Accommodation Services (Cornwall) Holdings Limited is a holding company with wholly owned subsidiary undertaking, Pyramid Accommodation Services (Cornwall) Limited (the 'Project Company'). The Project company has a Credit Agreement with lenders. Under the agreement, Interserve PLC is acting as a parent company guarantee (PCG) entity for both the facilities management subcontractor, Interserve (Facilities Management) Limited, and the building subcontractor, Interserve Construction Limited, both of which are subsidiaries of Interserve PLC. On the 15 March 2019, Interserve PLC went into administration, as a result of which Interserve (Facilities Management) Limited and Interserve Construction Limited were sold to Interserve Group Limited, a newly incorporated private company controlled by its lenders.

Under the Credit Agreement with the lenders, if the PCG entity enters administration, this triggers an Event of Default. Once Interserve PLC entered administration, an Event of Default occurred. On 20 November 2020, an agreement was reached accepting the PCG of Interserve Group Limited for Interserve Construction Limited and Interserve (Facilities Management) Limited. A lender consent letter was signed waiving the subsisting Event of Default. As a result, the company is no longer in default due to the administration of Interserve PLC.

As at 31 March 2020 no waiver had been received from the lender to uplift the Event of default, the loans were classified as due within one year in the balance sheet. As at 31 March 2021 the event of default had been waived therefore loans are classified as due within one year and due in more than one year.

Furthermore, on 25 June 2020 Interserve Support Services Ltd and Mitie Group Plc announced that they had signed a Sale and Purchase Agreement for the merger of Interserve's Facilities Management (FM) businesses with that of Mitie Group Plc. On 30 November 2020 Mitie Group Plc completed the merger of Interserve's FM businesses and that with effect from 1 December 2020 Interserve's business will be owned by Mitie Group Plc. Services have not been affected by these changes.

The directors have prepared a detailed model forecast to project completion incorporating the relevant terms of the PFI contract, subcontracts and Credit Agreement and reasonably prudent economic assumptions. This forecast and associated business model, which is updated regularly, predicts that the company will be profitable and will have sufficient cash resources to operate within the terms of the PFI contract, Subcontract and Credit agreement. Therefore, the directors, having considered the financial position of the group and its expected future cash flows, have prepared the financial statements on a going concern basis. The directors confirm that they do not intend to liquidate the company or cease trading as we consider we have realistic alternatives to doing so.

The World Health Organisation declared the COVID-19 outbreak a health emergency on 30 January 2020 and a global pandemic on 11 March 2020. Many actions taken by the UK Government and the private sector to respond to the outbreak followed these announcements. A review of the financial impact on the group in responding to COVID-19 has been assessed as low. This is because the Company is still able to provide the services required under the PFI contract as the sub-contracted Facilities Management company remains able to meet its contractual obligations. This is because its work is deemed to be essential and its employees are deemed to be key workers according to the guidance notes released by the Infrastructure and Projects Authority on 2 April 2020.

Since the COVID-19 outbreak, the customer, the Cornwall Council, have continued making unitary payments in accordance with the Infrastructure and Projects Authority guidance note, and the onward payments to the Facilities Management company have continued to be paid in accordance with the Project Agreement.

The directors confirm the completeness of the information provided regarding events and conditions relating to going concern at the date of approval of the financial statements, including plans for future actions.

**Pyramid Accommodation Services
(Cornwall) Holdings Limited (Registered number: 04157174)**

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2021**

2. Accounting policies - continued

Accounting for PFI contracts

The Group has taken advantage of exemptions made available under section 35 10 (i) of FRS 102, and as such there has been no substantial change to the treatment of the financial asset receivable due to the adoption of the standard.

Under the terms of the contract, substantially all the risks and rewards of ownership of the property remain with Cornwall Council.

During the period of construction, costs incurred as a direct consequence of financing, designing and constructing the fire stations, including finance costs, are capitalised and shown as work in progress. On completion of the construction, credit is taken for the deemed sale, which is recorded within turnover. The construction expenditure and associated costs are reallocated to cost of sales. Amounts receivable are classified as a financial asset receivable (PFI debtor).

Revenues received from the customer are apportioned between:

- capital repayments;
- finance income; and
- operating revenue.

Changes in accounting policies

Investments in the subsidiary is held at the cost of the shares and the face value of the loan less any provision for impairment in value.

Cash Investments

Cash investments are stated at cost excluding any accrued interest and with no provision for impairment in value.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

**Pyramid Accommodation Services
(Cornwall) Holdings Limited (Registered number: 04157174)**

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2021**

2. Accounting policies - continued

Financial instruments

The Group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

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

Financial assets and liabilities are offset and 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 trade and other receivables 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.

Loans and receivables

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and 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. The impairment loss 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 when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

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 group after deducting all of its liabilities.

**Pyramid Accommodation Services
(Cornwall) Holdings Limited (Registered number: 04157174)**

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2021**

2. Accounting policies - continued

Financial instruments - continued

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

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 they are included in a hedging arrangement.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the obligation specified in the contract is discharged, cancelled, or expires.

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items or income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Share capital

Share capital recognised at amortised represents the amount of equity in the form of shares invested by the shareholders.

**Pyramid Accommodation Services
(Cornwall) Holdings Limited (Registered number: 04157174)**

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2021**

3. Critical accounting policies and key judgements

The preparation of financial statements in conformity with FRS 102 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based upon historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily available from other sources. 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 if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

Certain critical accounting judgements in applying the group's accounting policies are described below:

- Accounting for the service concession contract and finance debtors require an estimation of service margins, finance debtors interest rates and associated amortisation profile which is based on forecast results of the PFI contract.
- Derivative financial instruments are held at fair value;
- Applicability of hedge accounting.

Service concession

The Group has been established to provide services under certain private finance agreements with Cornwall Council. Under the terms of these Agreements, the Council (as grantor) controls the services to be provided by the Group over the contract term. Based on the contractual arrangements the Group has classified the project as a service concession arrangement, and has accounted for the principal assets of, and income streams from, the project in accordance with FRS 102, Section 34.12.

Service Concession Arrangements

The Group has chosen to adopt the transitional arrangements available within FRS 102, Section 35.10 (i) and as such the service concession arrangement has continued to be accounted for using the same accounting policies being applied at the date of transition to FRS 102 (1 April 2014). The nature of the asset has therefore not changed.

Under the terms of the arrangement, the Group has the right to receive a baseline contractual payment stream for the provision of the services from or at the direction of the grantor (the Council), and as such the asset is accounted for as a financial asset. The financial asset has initially been recognised at the fair value of the consideration received, based on the fair value of the construction (or upgrade) services, plus any directly attributable transaction costs, provided in line with FRS 102.

Derivative financial instruments

The group holds derivative financial instruments which have the effect of fixing the interest rate payable on bank borrowings. Amounts payable or receivable in respect of interest rate derivatives are recognised as adjustments to interest over the period of the contract. See Hedge Accounting below for how the derivative is accounted for.

Hedge accounting

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the fair value of the derivative financial instrument is recognised directly in the Statement of Comprehensive Income. Any ineffective portion of the hedge is recognised immediately in profit or loss.

Where hedge accounting recognises a liability, then an associated deferred tax asset is also recognised.

**Pyramid Accommodation Services
(Cornwall) Holdings Limited (Registered number: 04157174)**

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2021**

Cash flow hedges

The effective portion of the changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit and loss in the periods in which the hedged item affects profit or loss, or when the hedging relationship ends.

Hedge accounting is discontinued when the entity revokes the hedging relationship, the hedging instrument expires or is sold, terminated, exercised or no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at the time is reclassified to profit or loss when the hedged item is recognised in profit or loss. When a forecast transaction is no longer expected to occur any gain or loss that was recognised in other comprehensive income is reclassified immediately to profit or loss.

Critical accounting judgements and key sources of estimation uncertainty

Hedge accounting has continued to be adopted for the PFI company's derivative. This is due to the payments under the loan repayment schedule remaining highly probable, as the expectation is that the matters that give rise to the event of default will be resolved in the near future. This is matter is as described in Note 2. All remaining instalments are anticipated to continue to be settled in line with the payment schedule per the initial bank agreement.

All remaining instalments are anticipated to continue to be settled in line with the payment schedule per the initial bank agreement.

4. Turnover

The turnover and profit before taxation are attributable to the one principal activity of the group.

An analysis of turnover by class of business is given below:

| | 2021 | 2020 |
|--------------------------|--------------|------------|
| | £'000 | £'000 |
| Turnover from operations | 1,311 | 936 |
| | <u>1,311</u> | <u>936</u> |

Turnover, which is stated net of value added tax, represents amounts invoiced for services provided, and is recognised each year as the applicable portions of the amounts receivable relating to finance and operating costs calculated on a consistent basis (see accounting policy note 2).

Turnover is attributable to one geographical market, the United Kingdom.

**Pyramid Accommodation Services
(Cornwall) Holdings Limited (Registered number: 04157174)**

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2021**

5. Employees and directors

| | 2021 | 2020 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Recharges in respect of non-executive directors' services | <u>69</u> | <u>68</u> |

The group had no employees during the year (2020: none). Services provided by the contractors include the provision of staff and management to perform contractual responsibilities. Costs associated with the staff and management are included within the contractor's service charges. The Directors received no remuneration for their services during the year (2020: £nil). A payment is made for the services of the non-executive directors to their employer.

6. Operating profit

The operating profit is stated after charging:

| | 2021 | 2020 |
|------------------------------|--------------|--------------|
| | £'000 | £'000 |
| Auditors' remuneration | 17 | 16 |
| Taxation compliance services | <u>4</u> | <u>4</u> |

Audit services for the audit of the company's annual financial statements are borne by the subsidiary.

7. Interest receivable and similar income

| | 2021 | 2020 |
|-------------------------|--------------|--------------|
| | £'000 | £'000 |
| Bank account interest | - | 6 |
| Finance debtor interest | <u>447</u> | <u>475</u> |
| | <u>447</u> | <u>481</u> |

8. Interest payable and similar expenses

| | 2021 | 2020 |
|----------------------------|--------------|--------------|
| | £'000 | £'000 |
| Senior secured loan | 46 | 71 |
| Swap interest | 163 | 173 |
| Subordinated debt interest | 143 | 187 |
| Amortisation issue costs | <u>5</u> | <u>6</u> |
| | <u>357</u> | <u>437</u> |

**Pyramid Accommodation Services
(Cornwall) Holdings Limited (Registered number: 04157174)**

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2021**

9. Taxation

Analysis of the tax (credit)/charge

The tax (credit)/charge on the profit for the year was as follows:

| | 2021 | 2020 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Current tax: | | |
| UK corporation tax | 100 | 79 |
| Under provided in prior years | - | (5) |
| Total current tax | 100 | 74 |
| Deferred tax: | | |
| Change in tax rate | - | 127 |
| Deferred tax - timing differences, origination and reversal | (676) | 147 |
| Total deferred tax | (676) | 274 |
| Tax on profit | (576) | 348 |

UK corporation tax has been charged at 19% (2020 - 19%).

Reconciliation of total tax (credit)/charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

| | 2021 | 2020 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Profit before tax | 256 | 293 |
| Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%) | 49 | 56 |
| Effects of: | | |
| Capital allowances in excess of depreciation | (32) | (15) |
| Adjustments to tax charge in respect of previous periods | 2 | (5) |
| Contract income posted directly to balance sheet | 81 | 69 |
| Deferred Tax timing difference, origination and reversal | (676) | 147 |
| Deferred Tax relating to tax rate change | - | 127 |
| Provisions tax adjustment | - | (31) |
| Total tax (credit)/charge | (576) | 348 |

Tax effects relating to effects of other comprehensive income

| | Gross | Tax | 2021 |
|------------------------------------|--------------|--------------|--------------|
| | £'000 | £'000 | Net |
| | | | £'000 |
| Fair value movement on derivatives | 154 | (30) | 124 |

**Pyramid Accommodation Services
(Cornwall) Holdings Limited (Registered number: 04157174)**

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2021**

9. Taxation - continued

| | Gross £'000 | Tax £'000 | 2020 Net £'000 |
|------------------------------------|----------------|--------------|----------------------|
| Fair value movement on derivatives | 97 | (6) | 91 |

Deferred tax charges relate to:

| | 2021 £'000 | 2020 £'000 |
|---|---------------|---------------|
| Deferred Tax credit relating to movement in fair value | (30) | (18) |
| Charge relating to other comprehensive income to change in tax rate | - | 12 |
| | <u>(30)</u> | <u>(6)</u> |

There is a deferred tax asset relating to the interest rate derivative which will unwind over the term of the hedging arrangement. All movements in the deferred tax have been recognised in other comprehensive income.

Corporation tax will remain at 19% until March 2023. From 2023 the main rate will increase to 25% for business profits made by the company over £250,000. A small profit rate (SPR) will also be introduced for companies with profits of £50,000 or less so that they will continue to pay corporation tax at 19%. Companies with profits between £50,000 and £250,000 will pay tax at the main rate reduced by a marginal relief providing a gradual increase in the effective corporation tax rate.

There is a deferred tax asset relating to the interest rate derivative which will unwind over the term of the hedging arrangement. All movements in the deferred tax have been recognised in other comprehensive income.

As the change had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. The overall effect of the change in corporation tax rate, had it been substantively enacted by the balance sheet date, would be to decrease the tax expense for the period by £322,000 and increase the deferred tax liability by £322,000.

10. Individual statement of comprehensive income

As permitted by Section 408 of the Companies Act 2006, the Profit and Loss Account of the parent company is not presented as part of these financial statements.

11. Dividends

The dividend per share paid during the year is £235k (2020: £nil).

**Pyramid Accommodation Services
(Cornwall) Holdings Limited (Registered number: 04157174)**

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2021**

12. Fixed asset investments

Company

| | Shares in group undertakings £'000 |
|--------------------------------------|---|
| Cost | |
| At 1 April 2020 and 31 March 2021 | <u>1,104</u> |
| Net book value | |
| At 31 March 2021 | <u>1,104</u> |
| At 31 March 2020 | <u>1,104</u> |

The group or the company's investments at the Statement of Financial Position date in the share capital of companies include the following:

Subsidiary

Pyramid Accommodation Services (Cornwall) Limited
Registered office: 3-5 Charlotte Street, Manchester, M1 4HB
Nature of business: Fire station PFI Service Provider

| | % holding | |
|--------------------------------|----------------------|---------------|
| Class of shares: | 100.00 | |
| Ordinary | | |
| | 2021 | 2020 |
| | £'000 | £'000 |
| Aggregate capital and reserves | 1,360 | 639 |
| Profit/(loss) for the year | 832 | (55) |
| | <u> </u> | <u> </u> |

The activity of the subsidiary is to design, build, refurbish, finance and operate fire stations in Cornwall.

13. Debtors

| | Group | |
|--------------------------------------|--------------|--------------|
| | 2021 | 2020 |
| | £'000 | £'000 |
| Amounts falling due within one year: | | |
| Trade debtors | 64 | 107 |
| Finance debtor | 496 | 424 |
| Deferred Tax | 27 | 23 |
| Prepayments | 162 | 163 |
| | <u>749</u> | <u>717</u> |

**Pyramid Accommodation Services
(Cornwall) Holdings Limited (Registered number: 04157174)**

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2021**

13. Debtors - continued

| | Group | |
|---|--------------|--------------|
| | 2021 | 2020 |
| | £'000 | £'000 |
| Amounts falling due after more than one year: | | |
| Finance asset receivable | 5,342 | 5,839 |
| Deferred tax asset (see note 15) | 44 | 78 |
| | <u>5,386</u> | <u>5,917</u> |
| Aggregate amounts | <u>6,135</u> | <u>6,634</u> |

The company has taken advantage of exemptions made available under section 35 10 (i) of FRS 102, and as such there has been no substantial change to the treatment of the financial asset receivable due to the adoption of the standard.

Included within the financial asset is £432,000 (2020: £464,000) in respect of capitalised net finance costs. All interest was capitalised up to the start of operations in April 2003.

14. Creditors: amounts falling due within one year

| | Group | |
|---|--------------|--------------|
| | 2021 | 2020 |
| | £'000 | £'000 |
| Bank loans and overdrafts (see note 16) | 517 | 3,486 |
| Trade creditors | 101 | 175 |
| Corporation tax | 21 | 13 |
| VAT | 24 | 79 |
| Interest rate swap liability | 144 | 156 |
| Unamortised issue costs | (4) | (5) |
| Accruals and deferred income | 144 | 415 |
| | <u>947</u> | <u>4,319</u> |

The subordinated loan payable bears interest at a fixed rate of 13.08% and is repayable over the life of the contract.

The secured senior loan represents amounts borrowed under a facility agreement with Sumitomo Mitsui Banking Corporation (SMBC). The loan bears interest at a 0.95% margin over LIBOR and is repayable in instalments between 2003 and 2026. The loan is secured by fixed and floating charges over the property, assets and rights of the company, and has certain covenants attached.

The subordinated loan stock represents amounts borrowed under loan note agreements with the shareholders. The loan notes bear interest at a rate of 13.5% per annum (compound equivalent to 6.54% semi-annual). The loan notes are repayable in March 2028.

In order to hedge against interest variations on the senior secured loan, the company has entered into an interest rate swap agreement with a bank whereby at monthly intervals sums are exchanged reflecting the difference between floating and fixed interest rates, calculated on a predetermined notional principal amount. (See note 20).

**Pyramid Accommodation Services
(Cornwall) Holdings Limited (Registered number: 04157174)**

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2021**

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

| | Group | | Company | |
|------------------------------|--------------|--------------|----------------|--------------|
| | 2021 | 2020 | 2021 | 2020 |
| | £'000 | £'000 | £'000 | £'000 |
| Bank loans (see note 16) | 2,484 | - | - | - |
| Other loans (see note 16) | 1,100 | 1,100 | 1,100 | 1,100 |
| Unamortised issue costs | (9) | (14) | - | - |
| Lifecycle Provision | 209 | 144 | - | - |
| Interest rate swap liability | 232 | 374 | - | - |
| | <u>4,016</u> | <u>1,604</u> | <u>1,100</u> | <u>1,100</u> |

16. Loans

An analysis of the maturity of loans is given below:

| | Group | | Company | |
|---|--------------|--------------|----------------|--------------|
| | 2021 | 2020 | 2021 | 2020 |
| | £'000 | £'000 | £'000 | £'000 |
| Amounts falling due within one year or on demand: | | | | |
| Mezzanine loan | <u>517</u> | <u>3,486</u> | <u>-</u> | <u>-</u> |
| Amounts falling due between one and two years: | | | | |
| Mezzanine loan | <u>530</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Amounts falling due between two and five years: | | | | |
| Mezzanine loan | <u>1,954</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Amounts falling due in more than five years: | | | | |
| Repayable by instalments | | | | |
| Subordinated loan more 5yrs installments | <u>1,100</u> | <u>1,100</u> | <u>1,100</u> | <u>1,100</u> |

**Pyramid Accommodation Services
(Cornwall) Holdings Limited (Registered number: 04157174)**

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2021**

16. Loans - continued

Included within amounts owing to parent company are amounts repayable after five years of £1,100,000 (2020: £1,100,000) respectively.

As at 31 March 2020 no waiver had been received from the lender to uplift the Event of default, the loans were classified as due within one year in the balance sheet. As at 31 March 2021 the event of default had been waived therefore loans are classified as due within one year and due in more than one year, please refer to Going Concern section within the Strategic Report.

Terms and debt repayment schedule

The total cash repayable on the loan is as follows:

| | Currency | Nominal interest rate | Year of maturity | Repayment schedule | 2021 £'000 | 2020 £'000 |
|--|----------|--------------------------|---------------------|-----------------------|---------------|---------------|
| Senior loan | GBP | LIBOR plus 0.95% | 2026 | Semi-annual | 3,001 | 3,486 |
| Subordinated loan stock: Amounts owing to parent company | GBP | 13.5% | 2028 | Semi-annual | 1,100 | 1,100 |

The senior loan is secured on the assets of the company.

The amounts owing to parent company are unsecured.

17. Financial instruments

| | 2021 £'000 | 2020 £'000 |
|--|---------------|---------------|
| Financial assets that are debt instruments measured at amortised cost: | | |
| Trade Debtors | 64 | 107 |
| Finance Asset Receivable | 5,838 | 6,263 |
| | <u>5,902</u> | <u>6,370</u> |

| | 2021 £,000 | 2020 £'000 |
|---|---------------|---------------|
| Financial liabilities at fair value through profit or loss: | | |
| Derivative financial instruments | 376 | 530 |
| Financial liabilities measured at amortised cost: | | |
| Senior secured loan | 3,001 | 3,486 |
| Subordinated loan | 1,100 | 1,100 |
| Trade creditors | 101 | 174 |
| Other creditors | 24 | 77 |
| | <u>4,602</u> | <u>5,367</u> |

**Pyramid Accommodation Services
(Cornwall) Holdings Limited (Registered number: 04157174)**

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2021**

18. Provisions for liabilities

| | Group | |
|--------------------------|---------------------|-------------------------|
| | 2021 | 2020 |
| | £'000 | £'000 |
| Deferred tax | <u>676</u> | <u>1,352</u> |
| Other provisions | <u>3</u> | <u>3</u> |
| Aggregate amounts | <u>679</u> | <u>1,355</u> |
| Group | | |
| | Deferred tax | PV PanelCleaning |
| | £'000 | £'000 |
| Balance at 1 April 2020 | 1,352 | 3 |
| Utilised during year | (676) | - |
| Balance at 31 March 2021 | <u>676</u> | <u>3</u> |

The timing differences giving rise to deferred tax liabilities are expected to reverse over the entire remaining concession period, in line with the accounting amortisation of the finance debtor asset and the utilisation of tax losses.

19. Called up share capital

| | | | | |
|----------------------------------|------------------------|----------------|--------------|--------------|
| Allotted, issued and fully paid: | | | | |
| Number: | Class: | Nominal value: | 2021 | 2020 |
| | | | £ | £ |
| 4,000 | Ordinary £1 (2020: £1) | £1 | <u>4,000</u> | <u>4,000</u> |

**Pyramid Accommodation Services
(Cornwall) Holdings Limited (Registered number: 04157174)**

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2021**

20. Reserves

| | Retained Earnings £'000 | Cashflow Hedging Reserve £'000 | Total £'000 |
|--|--|---|------------------------|
| At 1 April 2020 | 1,064 | (429) | 635 |
| Profit for the year | 832 | - | 832 |
| Dividends | (235) | - | (235) |
| Fair value movement on derivatives | - | 154 | 154 |
| Deferred tax on FV movement on derivatives | - | (30) | (30) |
| At 31 March 2021 | 1,661 | (305) | 1,356 |

Hedge reserve

Derivatives that are designated and effective as hedging instruments carried at fair value, are shown below:

| | 2021 £'000 | 2020 £'000 |
|--|-----------------------|-----------------------|
| Interest rate swap on loans: | | |
| Fair value of interest rate swap liability at year end | (376) | (530) |
| Tax on above | 71 | 101 |
| | (305) | (429) |

On the 25 April 2001 the company entered into a twenty four and a half years fixed interest rate swap arrangement to hedge exposure on its senior secured loan to the effect of interest rate fluctuations.

One swap was effected on a notional amount of £8,198,231 at a fixed rate of 5.83% payable bi-annually between 30 September 2003 and 30 September 2025.

The interest rate swap contract is designated as a hedge of variable interest rate risk of the company's floating rate borrowings. The hedged cash flows are expected to occur and to affect profit or loss over the period to maturity of the swap.

The fair value of the interest rate swap liability in the current and prior years has been determined by Bank of Ireland who have used relevant market data to determine their valuations.

21. Controlling parties

At the balance sheet date the company was jointly controlled by Browning PFI Holdings Limited and Aberdeen Infrastructure (No.3) Limited. The ultimate parent companies who jointly control the company are PPP Equity PIP LP (acting through its General Partner, Dalmore Capital 6 GP Limited, and its manager Dalmore Capital Limited) and Aberdeen Infrastructure Partners L.P. Inc. (acting by its General Partner, Aberdeen Infrastructure Finance GP Ltd and its manager Aberdeen Asset Managers Limited).

These group financial statements are the smallest and largest that are prepared of which the company is a member. No other group financial statements are prepared.

**Pyramid Accommodation Services
(Cornwall) Holdings Limited (Registered number: 04157174)**

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2021**

22. Related party disclosures

PPP Equity PIP LP

| | 2021 | 2020 |
|--|--------------|--------------|
| | £'000 | £'000 |
| For services | 34 | 33 |
| Subordinated debt interest | 198 | 91 |
| Dividend | 117 | - |
| Amount payable for services | 21 | 66 |
| Amount payable for subordinated debt principal | 550 | 550 |
| Amount payable for subordinated debt interest | 6 | 129 |

Aberdeen Infrastructure Partners LP Inc

| | 2021 | 2020 |
|--|--------------|--------------|
| | £'000 | £'000 |
| For services | 34 | 33 |
| Subordinated debt interest | 198 | 91 |
| Dividend | 117 | - |
| Amount payable for services | - | 66 |
| Amount payable for subordinated debt principal | 550 | 550 |
| Amount payable for subordinated debt interest | 6 | 129 |

Key management personnel of the entity or its parent (in the aggregate)

| | 2021 | 2020 |
|--------------|--------------|--------------|
| | £'000 | £'000 |
| For services | - | 111 |

23. Post balance sheet events

There are no post balance sheet events to disclose within the financial statements for the year ended 31 March 2021.

24. Reconciliation of profit before taxation to cash generated from operations

| | 2021 | 2020 |
|--|--------------|--------------|
| | £'000 | £'000 |
| Profit before taxation | 256 | 293 |
| Finance costs | 357 | 437 |
| Finance income | (447) | (481) |
| | 166 | 249 |
| Decrease in trade and other debtors | 473 | 235 |
| (Decrease)/increase in trade and other creditors | (87) | 148 |
| Cash generated from operations | 552 | 632 |

**Pyramid Accommodation Services
(Cornwall) Holdings Limited (Registered number: 04157174)**

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2021**

25. Cash and cash equivalents

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 March 2021

| | 31/3/21 | 1/4/20 |
|---------------------------|----------------|---------------|
| | £'000 | £'000 |
| Cash and cash equivalents | 867 | 1,283 |

Year ended 31 March 2020

| | 31/3/20 | 1/4/19 |
|---------------------------|----------------|---------------|
| | £'000 | £'000 |
| Cash and cash equivalents | 1,283 | 977 |

26. Analysis of changes in net debt

| | At 1/4/20 | Cash flow | Other | At 31/3/21 |
|---------------------------------|------------------|------------------|-----------------|-------------------|
| | £'000 | £'000 | non-cash | £'000 |
| | | | changes | |
| | | | £'000 | |
| Net cash | | | | |
| Cash at bank and in hand | 1,283 | (416) | | 867 |
| | 1,283 | (416) | | 867 |
| Debt | | | | |
| Debts falling due within 1 year | (3,486) | 485 | 2,484 | (517) |
| Debts falling due after 1 year | (1,100) | - | (2,484) | (3,584) |
| | (4,586) | 485 | - | (4,101) |
| Total | (3,303) | 69 | - | (3,234) |