

REGISTERED NUMBER: 04287524 (England and Wales)

**Directors' Report and
Audited Consolidated Financial Statements for the Year Ended 31 December 2020
for
ICB Holdings Limited**



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for the Year Ended 31 December 2020**

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ICB Holdings Limited

Company Information for the Year Ended 31 December 2020

Directors:

C R Field
J S Gordon
K A Cunningham

Secretary:

W L Rapley

Registered office:

C/O Albany Spc Services Limited
3rd Floor
3-5 Charlotte Street
Manchester
M1 4HB

Registered number:

04287524 (England and Wales)

Independent auditor:

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

ICB Holdings Limited (Registered number: 04287524)

Directors' Report for the Year Ended 31 December 2020

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

Principal activity

The Company acts as a holding company for its subsidiary Investors in the Community (Buxton) Limited, together the "Group", whose principal activity is the financing, design and construction, refurbishment and partial operation of The Health and Safety Laboratories' facility in Buxton under the Government's Private Finance Initiative (the "Project"). The directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year.

The Group has entered into a project agreement with the Health and Safety Executive, together with an associated construction contract, funding agreements, hard and soft services contracts and ancillary project agreements (together the "Project Agreements"). The Project Agreements require it to finance, design, develop, construct, maintain and deliver facilities management services for a primary term of 32 years from the date of signing of the Project Agreements, signed on 12 April 2002.

Key performance indicators (KPIs)

The Group has modelled the anticipated financial outcome of the Project across its full term. The Group monitors actual financial performance against this anticipated performance. As at 31 December 2020, the Group's performance reflects an acceptable variance to this model. The Group is in the operational phase of the Project and is performing to the standards of the Project Agreements.

The results for the year are set out in the profit and loss account on page 9.

Directors

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

C R Field
J S Gordon

Other changes in directors holding office are as follows:

K A Cunningham - appointed 15 July 2020

M Templeton - resigned 11 January 2021.

The Articles of Association of the Company provide that in certain circumstances the directors are entitled to be indemnified out of the assets of the Company against claims from third parties in respect of certain liabilities arising in connection with the performance of their functions, in accordance with the provisions of the UK Companies Act 2006. Indemnity provisions of this nature have been in place during the financial year but have not been utilised by the directors.

Going concern

ICB Holdings Limited is a holding company with one wholly owned subsidiary undertaking, Investors in the Community (Buxton) Limited (the 'Project Company'). The Project Company has a Credit Agreement with lenders. Under the agreement, Interserve PLC provided a parent company guarantee (PCG) for the Building and FM subcontractor, Interserve Construction Limited, which is a subsidiary of Interserve PLC. On the 15 March 2019, Interserve PLC went into administration, as a result of which Interserve Construction Limited was sold to Interserve Group Limited, a newly incorporated private company controlled by its lenders.

Under the Credit Agreement with the lenders, if the PCG enters administration, this triggers an Event of Default. Once Interserve PLC entered administration, an Event of Default occurred. On 23 November 2020, an agreement was reached accepting the PCG of Interserve Group Limited for Interserve Construction 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, therefore the Bond is no longer repayable all within one year.

ICB Holdings Limited (Registered number: 04287524)

Directors' Report for the Year Ended 31 December 2020

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 in Interserve structure. It is proposed for the FM obligations of Interserve Construction Limited to be novated to Mitie FM Limited (formerly known as Interserve (Facilities Management) Ltd), although the transaction has yet to complete.

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 group 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 group 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 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 are 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.

Strategic report

The directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small company exemption. Accordingly, no strategic report has been prepared.

Statement of directors' responsibilities

The directors are responsible for preparing 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.

Statement as to disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) 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 in order to make himself aware of any relevant audit information and to establish that the group's auditor is aware of that information.

ICB Holdings Limited (Registered number: 04287524)


**Directors' Report
for the Year Ended 31 December 2020**

Auditor

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

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

On behalf of the board:



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C R Field - Director

Date: 29.4.21

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ICB HOLDINGS LIMITED

Opinion

We have audited the consolidated financial statements of ICB Holdings Limited ('the parent company') and its subsidiaries ('the group') for the year ended 31 December 2020 which comprise the Consolidated Income Statement, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity and 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 December 2020, and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities 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 group 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 directors' 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 group's or the parent 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 report⁴. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ICB HOLDINGS LIMITED

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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in 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 group and the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the group and 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities statement set out on page 3 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 group's and the parent 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 group or the parent 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.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ICB HOLDINGS LIMITED

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Extent to which the audit was 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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below.

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and noncompliance with laws and regulations, we considered the following:

- the nature of the industry;
- results of our enquiries of management about their own identification and assessment of the risks of irregularities; and;
- the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: revenue recognition and future maintenance costs. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override of controls.

We also obtained an understanding of the legal and regulatory frameworks that the group and the parent company

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ICB HOLDINGS LIMITED

operates in, 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 key laws and regulations we considered in this context included the UK Companies Act and tax legislation.

Our procedures to respond to risks identified included the following:

- recalculation of unitary charge by applying and agreeing given indexation to the base cost and RPI to the Office of National Statistics website;
- reviewing the application of appropriate service margin to service costs to determine revenue amount recognised in the Statement of Comprehensive Income in the year, as disclosed in the accounting policy Finance debtor and service income;
- reviewing passthrough costs and related revenue to ensure these match and are legitimate passthrough costs in line with the contract;
- consider the basis of lifecycle review prepared by management services provider and compare with future maintenance costs as determined in the latest operating model;
- comparison of actual lifecycle expenditure to forecast;
- reviewing the financial statement disclosures to assess compliance with the laws and regulation described as having a direct effect on the financial statements;
- enquiring of management and those charged with governance regarding the potential or known or suspected instances of non-compliance with laws and regulations, where they consider fraud is more likely to occur and extent of any litigation claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reviewing board minutes for indicators of any breaches of laws and regulations or litigation or claims;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and
- evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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 group'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 group and the parent 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 group and the parent 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)
For and on behalf of Johnston Carmichael LLP

Chartered Accountants
Statutory Auditor

30th April 2021
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7-11 Melville Street
Edinburgh

ICB Holdings Limited (Registered number: 04287524)

**Consolidated Income Statement
for the Year Ended 31 December 2020**

	2020 £'000	2019 £'000
Turnover	7,855	7,015
Cost of sales	<u>(5,293)</u>	<u>(4,800)</u>
Gross profit	2,562	2,215
Administrative expenses	<u>(460)</u>	<u>(348)</u>
Operating profit	2,102	1,867
Interest receivable and similar income	<u>3,949</u>	<u>4,110</u>
	6,051	5,977
Interest payable and similar expenses	<u>(4,124)</u>	<u>(4,345)</u>
Profit before taxation	1,927	1,632
Tax on profit	<u>(614)</u>	<u>(241)</u>
Profit for the financial year	<u>1,313</u>	<u>1,391</u>
Profit attributable to: Owners of the parent	<u>1,313</u>	<u>1,391</u>

The notes on pages 14 to 22 form part of these financial statements

ICB Holdings Limited (Registered number: 04287524)

**Consolidated Balance Sheet
31 December 2020**

	Notes	2020 £'000	2019 £'000
Current assets			
Debtors: amounts falling due within one year	7	10,674	8,713
Debtors: amounts falling due after more than one year	7	47,364	49,424
Cash at bank and in hand		14,239	13,833
		<u>72,277</u>	<u>71,970</u>
Creditors: amounts falling due within one year	8	<u>(11,181)</u>	<u>(58,904)</u>
Net current assets		<u>61,096</u>	<u>13,066</u>
Total assets less current liabilities		<u>61,096</u>	<u>13,066</u>
Creditors: amounts falling due after more than one year	9	<u>(54,019)</u>	<u>(7,596)</u>
Provisions for liabilities	10	<u>(1,708)</u>	<u>(1,414)</u>
Net assets		<u><u>5,369</u></u>	<u><u>4,056</u></u>
Capital and reserves			
Called up share capital	11	50	50
Retained earnings		5,319	4,006
Shareholders' funds		<u><u>5,369</u></u>	<u><u>4,056</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Board of Directors and authorised for issue on 29.4.21 and were signed on its behalf by:



C R Field - Director

ICB Holdings Limited (Registered number: 04287524)

Company Balance Sheet

31 December 2020

	Notes	2020 £'000	2019 £'000
Fixed assets			
Investments	6	50	50
Total assets less current liabilities		<u>50</u>	<u>50</u>
Capital and reserves			
Called up share capital	11	50	50
Shareholders' funds		<u>50</u>	<u>50</u>
Company's profit for the financial year		<u>-</u>	<u>-</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

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C R Field - Director

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ICB Holdings Limited (Registered number: 04287524)

**Consolidated Statement of Changes in Equity
for the Year Ended 31 December 2020**

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2019	50	2,615	2,665
Changes in equity			
Total comprehensive income	-	1,391	1,391
Balance at 31 December 2019	50	4,006	4,056
Changes in equity			
Total comprehensive income	-	1,313	1,313
Balance at 31 December 2020	50	5,319	5,369

The notes on pages 14 to 22 form part of these financial statements

ICB Holdings Limited (Registered number: 04287524)

**Company Statement of Changes in Equity
for the Year Ended 31 December 2020**

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2019	50	-	50
Changes in equity			
Balance at 31 December 2019	<u>50</u>	<u>-</u>	<u>50</u>
Changes in equity			
Balance at 31 December 2020	<u><u>50</u></u>	<u><u>-</u></u>	<u><u>50</u></u>

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ICB Holdings Limited (Registered number: 04287524)

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2020

1. Statutory information

ICB 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 Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£) and rounded to the nearest thousand.

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" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

FRS 102 granted certain first-time adoption exemptions from the full requirements of FRS 102. The following exemptions have been taken in the financial statements since transition:

- Service concession arrangements: The Company entered into its Service concession arrangement before the date of transition to this FRS. Therefore, its service concession arrangements have continued to be accounted for using the same accounting policies being applied at the date of transition to this FRS.

Disclosure exemptions

The Company has taken advantage of the exemption in FRS 102 Section 7 'Statement of Cash Flows' part 1B, which states that a small company is not required to prepare a cash flow statement.

The Company has also 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 accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed under the impairment and deferred tax policies.

Measurement convention

The financial statements are prepared on the historical cost basis.

Basis of consolidation

The Group financial statements incorporate the financial statements of the Company and all the entities controlled by the Company (its subsidiaries). All intra-group transactions, balances, income and expenses are eliminated on consolidation.

In the parent financial statements, investments in subsidiaries are carried at cost less impairment.

ICB Holdings Limited (Registered number: 04287524)

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 December 2020

2. Accounting policies - continued

Going concern

ICB Holdings Limited is a holding company with one wholly owned subsidiary undertaking, Investors in the Community (Buxton) Limited (the 'Project Company'). The Project Company has a Credit Agreement with lenders. Under the agreement, Interserve PLC provided a parent company guarantee (PCG) for the Building and FM subcontractor, Interserve Construction Limited, which is a subsidiary of Interserve PLC. On the 15 March 2019, Interserve PLC went into administration, as a result of which Interserve Construction Limited was sold to Interserve Group Limited, a newly incorporated private company controlled by its lenders.

Under the Credit Agreement with the lenders, if the PCG enters administration, this triggers an Event of Default. Once Interserve PLC entered administration, an Event of Default occurred. On 23 November 2020, an agreement was reached accepting the PCG of Interserve Group Limited for Interserve Construction 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, therefore the Bond is no longer repayable all within one year.

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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 group 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 group 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 Group is still able to provide the services required under the Project agreement as the sub-contracted Facilities Management Company are 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.

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020**

2. Accounting policies - continued

Finance debtor and service income

The Group is an operator of a PFI contract. The underlying asset is not deemed to be an asset of the Group under old UK GAAP, because the risks and rewards of ownership as set out in that Standard are deemed to lie principally with the Authority.

During the construction phase of the project, all attributable expenditure was included in amounts recoverable on contracts and turnover. Upon becoming operational, the costs were transferred to the finance debtor. During the operational phase income is allocated between interest receivable and the finance debtor using a project specific interest rate. The remainder of the PFI unitary charge income is included within turnover in accordance with FRS 102 section 23. The Group recognises income in respect of the services provided as it fulfils its contractual obligations in respect of those services and in line with the fair value of the consideration receivable in respect of those services.

Major maintenance costs are recognised on a contractual basis and the revenue in respect of these services is recognised when these services are performed.

Turnover is recognised in accordance with the finance debtor and service income accounting policies above and excludes VAT. Income received in respect of the service concession is allocated between revenue and capital repayment of, and interest income on, the PFI financial asset using the effective interest rate method. Service revenue is recognised as a margin on non-pass through operating and maintenance costs.

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short term deposits.

Restricted cash

The Group is obligated to keep separate cash reserves in respect of future major maintenance costs and debt service commitments. These restricted cash balances, which are shown on the balance sheet within the "cash at bank and in hand" balance, amounts to £12,118,000 at the year end (2019: £9,994,000).

Index-linked borrowings classified as basic financial instruments

Index-linked borrowings are recognised initially at the present value of future payments discounted at a market rate of indexation. Subsequent to initial recognition, Index-linked borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020**

2. Accounting policies - continued

Taxation

The charge for taxation is based on the profit or loss for the year and takes into account deferred tax.

Deferred tax is recognised in respect of all timing differences between the treatment of certain items for taxation and accounting purposes that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted, or substantially enacted, by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Impairment excluding deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Expenses

Interest receivable and Interest payable

Interest payable and similar expenses include interest payable on borrowings and associated ongoing financing fees.

Other interest receivable and similar income include interest receivable on funds invested and interest recognised on the finance debtor based upon the finance debtor accounting policy above.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020**

3. Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with FRS102 requires management to make judgements, estimates and assumptions that affect the application of application of policies and reported amount 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.

Critical Judgements

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

Service concession accounting

Accounting for the service concession contract and finance debtor requires an estimation of service margins, finance debtor interest rates and associated amortisation profile which is based on forecasted results of the service concession contract. Lifecycle costs are a significant proportion of future expenditure. Given the length of the Group's service concession contract, the forecast of lifecycle costs is subject to significant estimation uncertainty and changes in the amount and timing of expenditure could have material impacts. As a result, there is a significant level of judgement applied in estimating future lifecycle costs. To reduce the risk of misstatement, future estimates of lifecycle expenditure are prepared by maintenance experts on an asset by asset basis and periodic technical evaluations of the physical condition of the facilities are undertaken. In addition, comparisons of actual expenditure are compared to the lifecycle forecast.

4. Employees and directors

The Company had no employees during the year (2019: none).

5. Individual statement of comprehensive income

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the parent company is not presented as part of these financial statements.

6. Fixed asset investments

Company

	Shares in group undertakings £'000
Cost	
At 1 January 2020	
and 31 December 2020	50
Net book value	
At 31 December 2020	50
At 31 December 2019	50

ICB Holdings Limited (Registered number: 04287524)

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020**

6. Fixed asset investments - continued

The undertaking in which the Company's interest at the year end is more than 20% is as follows:

	Country of Incorporation	Principal Activity	Class and Percentage of shares held Company
Investors in the Community (Buxton) Limited (registered office: C/O Albany SPC Services Ltd., 3rd Floor, 3-5 Charlotte Street, Manchester, M1 4HB)	United Kingdom	PFI operator	£1 ordinary shares 100%

7. Debtors

	Group	
	2020	2019
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	170	152
Finance debtor	2,061	1,905
Accrued income	8,443	6,656
	<u>10,674</u>	<u>8,713</u>
Amounts falling due after more than one year:		
Finance debtor	<u>47,364</u>	<u>49,424</u>
Aggregate amounts	<u>58,038</u>	<u>58,137</u>

Included within finance debtor is £5,126,000 (2019: £5,323,000) in respect of capitalised net finance costs.

8. Creditors: amounts falling due within one year

	Group	
	2020	2019
	£'000	£'000
3.0812% index-linked secured guaranteed bonds	3,912	52,781
Trade creditors	262	2
Corporation tax liability	164	123
VAT	143	141
Accruals and deferred income	6,700	5,857
	<u>11,181</u>	<u>58,904</u>

ICB Holdings Limited (Registered number: 04287524)

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020**

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

	Group	
	2020	2019
	£'000	£'000
3.0812% index-linked secured guaranteed bonds	46,423	-
13.75% subordinated loan stock	7,596	7,596
	<u>54,019</u>	<u>7,596</u>

Amounts falling due in more than five years:

	Group	
	2020	2019
	£'000	£'000
Repayable by instalments		
3.0812% index-linked secured guaranteed bonds	30,775	-
	<u>30,775</u>	<u>52,871</u>

Analysis of debt:

	Group	
	2020	2019
	£'000	£'000
Debt can be analysed as falling due:		
Less than one year	3,912	52,781
Between one and two years	4,353	-
Between two and five years	11,295	-
In five years or more	30,775	-
	<u>50,335</u>	<u>52,871</u>

The index-linked bonds are redeemed by instalments each year on 30 September and 31 March commencing on 31 March 2006 with the final repayment due on 30 September 2033. The bonds are guaranteed by Assured Guaranty (UK) Limited and are secured by a fixed and floating charge over the assets of the Company. The subordinated loan stock bears interest at 13.75% and is redeemable on 31 October 2034. The loan stock balances are held by related parties. The index-linked bonds are redeemed by instalments each year on 30 September and 31 March commencing on 31 March 2006 with the final repayment due on 30 September 2033. The bonds are guaranteed by Assured Guaranty (UK) Limited and are secured by a fixed and floating charge over the assets of the Company. The Subordinated Loan Stock bears interest at 13.75% and is redeemable on 31 October 2034.

10. Provisions for liabilities

	Group	
	2020	2019
	£'000	£'000
Deferred tax	1,708	1,414
	<u>1,708</u>	<u>1,414</u>

ICB Holdings Limited (Registered number: 04287524)

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020**

10. Provisions for liabilities - continued

Group

	Deferred tax £'000
Balance at 1 January 2020	1,414
Provided during year	294
Balance at 31 December 2020	<u>1,708</u>

The elements of deferred taxation are as follows:

	2020 £'000	2019 £'000
Tax Losses	(4,214)	(4,047)
Pre-operating costs in excess of related finance debtor amortisation	2,197	2,042
Capital allowances in excess of related finance debtor amortisation	3,725	3,419
	<u>1,708</u>	<u>1,414</u>
Deferred tax asset	(4,214)	(4,047)
Deferred tax liability	5,922	5,461
Net deferred tax liability	<u>1,708</u>	<u>1,414</u>

11. Called up share capital

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2020 £'000	2019 £'000
50,000	ordinary shares	£1	<u>50</u>	<u>50</u>

All the shares are of equal value in respect of voting and dividend rights.

The profit and loss account reserve represents cumulative profits or losses.

ICB Holdings Limited (Registered number: 04287524)**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020****12. Related party disclosures**

The majority shareholder of the Company as at 31 December 2019 is Ashover Project Investments Limited, which holds an 80% aggregate interest, from direct and indirect holdings, in the issued share capital of the Company. The remaining interest in issued share capital is held by Browning PFI Holdings Limited (which was previously known as Interserve PFI Holdings Limited).

During the year, the Group incurred costs charged by the shareholders of the Parent Company or a company within the group of which the shareholder is a member as follows:

	Ashover Projects Investments Ltd £'000	Browning PFI Holdings Ltd £'000	Dalmore Capital 6 GP Ltd£'000	Dalmore Capital 31 GP Ltd£'000	Dalmore Capital 32 GP Ltd £'000
2020					
Directors' fees			48	58	68
13.75% subordinated loan stock interest	1,131	126	-	-	-
Dividend	-	-	-	-	-
	<u>1,131</u>	<u>126</u>	<u>48</u>	<u>58</u>	<u>68</u>
2019					
Directors' fees			32	30	34
13.75% subordinated loan stock interest	101	112	-	-	-
Dividend	-	-	-	-	-
	<u>101</u>	<u>112</u>	<u>32</u>	<u>30</u>	<u>34</u>

Balances owed to related parties, and included within creditors, were as follows:

	2020 £'000	2019 £'000
Ashover Projects Investments Ltd	8,153	8,077
Browning PFI Holdings Ltd	906	897
Dalmore Capital 6 GP Ltd	35	24
Dalmore Capital 31 GP Ltd	41	22
Dalmore Capital 32 GP Ltd	48	26
	<u>9,183</u>	<u>9,046</u>

13. Ultimate controlling party

The majority shareholder of the Company is Ashover Project Investments Limited ("Ashover"). Ashover is a company registered at 1 Park Row, Leeds, United Kingdom, LS1 5AB.