REGISTERED NUMBER: 04426554 (England and Wales)

Group Strategic Report, Directors' Report and

Audited Consolidated Financial Statements for the Year Ended 31 December 2019

for

Exchequer Partnership (No.2) Holdings Limited

Exchequer Partnership (No.2) Holdings Limited (Registered number: 04426554)

Contents of the Consolidated Financial Statements for the Year Ended 31 December 2019

**Exchequer Partnership (No.2)
Holdings Limited**

**Company Information
for the Year Ended 31 December 2019**

Directors:	M Donn K Hill B Millsom S M Prior C Solley A L Tennant
Secretary:	A Mitchell
Registered office:	C/O Albany SPC Services Ltd 3rd Floor 3 - 5 Charlotte Street Manchester M1 4HB
Registered number:	04426554 (England and Wales)
Independent auditors:	PricewaterhouseCoopers LLP No 1 Spinningfields 1 Hardman Square Manchester M3 3EB
Bankers:	Bank of Scotland 33 Old Broad Street London BX2 QLB
Solicitors:	Macfarlanes 20 Cursitor Street London EC4A 1LT

Exchequer Partnership (No.2)
Holdings Limited (Registered number: 04426554)

Group Strategic Report
for the Year Ended 31 December 2019

The directors present their Strategic Report for the company and group for the year ended 31 December 2018.

Group objectives
The objectives of the Group are to manage the facilities at the East End of the main Treasury building formerly Government offices at Great George Street, Whitehall, London for a period of 35 years under a concession agreement with HM Customs and Excise and Inland Revenue (now HM Revenue and Customs) following renovations which were completed in November 2004.

Group's strategy
To ensure that the group achieves its objective, the strategy is to implement processes, policies and procedures to comply with the control matrices stipulated in the project documentation committed to at the inception of the project. This includes minimising performance and availability deductions, cash monitoring and maintenance of good working relationships between all stakeholders.

Performance of the business and future developments
The group made a pre-tax profit of £5,127,000 compared to £5,430,000 in 2018 due to the impact of inflation and the recognition of higher overheads. Net assets decreased from £2,812,000 at 31 December 2018 to £1,849,000 at 31 December 2019 due to the timing of dividend payments.

The business has operated smoothly with minimal deductions from availability fee payments. The facilities maintenance service has been closely monitored throughout the year. This takes the form of full-time representation on site through the group's management services agent and periodic reporting by the independent Technical Assessor.

The delivery of operational services is generally running well and it is expected to continue to do so.

In 2016 a dispute arose over certain construction defects. The group is undertaking a programme of remedial works and will seek to recover costs incurred from the construction contractor to the fullest extent possible

Principal risks and uncertainties
As the project is currently in its operational phase, operational risks are monitored closely. This takes the form of full-time representation on site through the group's management services agent and periodic reporting by the independent Technical Assessor plus regular dialogue with the executive team of HM Customs and Excise and Inland Revenue (HMRC).

Whilst the main elements of cash flow (unitary payments, facility management costs and lifecycle costs) are contractually linked to the RPI index, a relatively small proportion of total costs is not. A rise in these costs above the general rate of inflation would reduce debt service cover ratios. The most significant of these costs is insurance. Though claims history so far is good, current premium renewals have not been excessive.

The group's revenues have largely been in line with expectations, with very few deductions applied for non-availability of the assets. Any such deductions are passed down to the subcontractors so there is no direct financial consequence to the group. Sustained non-availability can lead to contract termination but there are no indications that the group is anywhere close to such termination trigger points. Compliance with the detailed and complex operational requirements of the PFI projects remains a key risk given the potential termination consequences. Directors receive regular reports on actual performance compared to termination trigger thresholds.

Another risk is the continued funding from the public sector counterparties to the PFI project agreements, especially as these counterparties are under pressure to make savings in their operational PFI contracts. To date, most of the pressure to make such cost savings has fallen on the sub-contractors to the project companies rather than on the project companies themselves. Furthermore, it is understood that current policy from central government is not to encourage voluntary termination of PFI projects.

The group's principal financial instruments comprise secured bonds and a mezzanine loan. The terms of these financial instruments are such that the profile of the debt service costs is tailored to match expected revenues arising from the concession.

In order to fund the development of the Government accommodation, the group has issued fixed rate debt and receives a proportion of its income increasing at a fixed inflation rate to achieve a correlation between revenue and finance charges.

The group does not undertake financial instrument transactions which are speculative or unrelated to the company's trading activities. The secured bonds are not exposed to interest rate risk.

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

Financial risk management
The board has overall accountability for ensuring that risk is effectively managed across the group and they regularly review the effectiveness of the group risk process and consider risk in all strategic decision-making, see note 16).

Key performance indicators
The level of performance and availability deductions arising from failures to achieve specified levels of contract service is a key performance indicator. These are reported quarterly to the Board and have been extremely small in relation to total unitary payments (0.02%, 2018: 0.02%).

Another key indicator is the ratio of operating cash flow to the senior debt service amount. This ratio is tested at six-monthly intervals and each time it has been to the satisfaction of the senior debt provider.

Group Strategic Report
for the Year Ended 31 December 2019

Statement in respect of section 172(1) of the companies act 2006
The board of directors of the Company and the Group, both individually and collectively, consider they have acted appropriately and in such a way as to promote the long term success of the Company and Group for the benefit of its members as a whole.

The Company and Group have no direct employees as the Company and Group are managed under a Managed Service Agreements (MSA's). The board of Directors is satisfied that those people employed under the MSA's are appropriately qualified and have the support systems in place to carry out their role. The Directors are engaged with each team under the MSA's to ensure the ongoing management of the underlying contracts of the Company and Group and they work collaboratively with the teams to achieve success.

The Group is a holding company for special purpose companies which have a finite lifespan with a defined set of obligations under Concession Agreements. The Group delivers its objectives through effective relationships with its stakeholders including suppliers and customers. This is affected by regular reporting and reviews with suppliers and customers to ensure delivery of the Group's objectives, whilst considering those stakeholders' needs. The Directors of the Company and Group meet regularly to review strategies for effective risk mitigation and service delivery in the context its impact on all stakeholder interests, including shareholders, suppliers, customers and the wider community.

Due to the nature of the Group's operations, their impact on the community and environment is of paramount importance to the Group's success. Operating safely is the Group's primary objective and is as such integrated in everything the Group undertakes. A safe environment is managed through effective leadership, implementation of robust policies, procedures and instructions, safety management review processes both internally and externally with relevant stakeholders, reporting, audit and monitoring. An independent safety advisor is appointed by each of the companies within the Group, who reports directly to the Board of Directors.

The Group delivers contracts to support essential services to the public sector and takes its responsibility for ensuring that an appropriate environment is managed and maintained extremely seriously, ensuring the highest quality service is delivered from the assets under the Group's management.

By order of the board:

....
C Solley - Director

Date: 29th June 2020

Exchequer Partnership (No.2) Holdings Limited (Registered number: 04426554)

Directors' Report for the Year Ended 31 December 2019

The directors present their annual report and the audited consolidated financial statements for the year ended 31 December 2018.

Principal activities
The company is a holding company with a single subsidiary, Exchequer Partnership (No. 2) plc. Exchequer Partnership (No. 2) plc is engaged in a 35-year contract with HM Revenue and Customs (HMRC) to renovate and then manage the facilities at the East End of the main Treasury building formerly Government Offices, Great George Street, Whitehall, London. The renovations were completed in November 2004 and HM Customs and Excise and Inland Revenue (HMRC) then moved into the refurbished accommodation. Management of the facilities commenced from this time.

Dividends
The company made a dividend payment of £4,300,000 in the year (2018: £1,700,000).

The profit for the financial year is £3,337,000 (2018: £4,355,000).

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 during the year under review were:

M Donn
K Hill
B Millsom
S M Prior
C Solley
A L Tennant

The directors holding office at 31 December 2019 did not hold any beneficial interest in the issued share capital of the company at 1 January 2019 or 31 December 2019.

No appointments or resignations of directors occurred between the year end and the date of approval of these financial statements.

Other information
An indication of likely future developments in the business has been included in the Strategic Report on page 2.

Statement of directors' responsibilities - continued
The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). 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 group and company and of the profit or loss of the group and company for that period. In preparing the financial statements, the directors are required to:

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

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

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 Company's auditors are 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 Company's auditors are aware of that information.

Independent Auditors
The auditors, PricewaterhouseCoopers LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

By order of the board:

....
C Solley - Director

Date: 29th June 2020

Independent auditors' report to the members of Exchequer Partnership (No.2) Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion, Exchequer Partnership (No.2) Holdings Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2019 and of the group's profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Group Strategic Report, Directors' Report and Audited Consolidated Financial Statements (the "Annual Report"), which comprise: the consolidated and company balance sheets as at 31 December 2019; the consolidated statement of comprehensive income, the consolidated cash flow statement, and the consolidated and company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

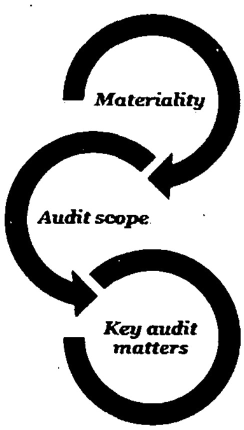
We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit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

Independence

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

Our audit approach

Overview



- Overall group materiality: £256,400 (2018: £271,000), based on 5% of profit before tax.
- We have performed a full scope audit of Exchequer Partnership Holdings (No.2) Limited and Exchequer Partnership (No.2) plc, which provides sufficient coverage across all balances in the Annual Report.
- The key audit matters are considered to be:
  - the impact of the COVID-19 pandemic; and
  - the risk of incorrect recognition of turnover as a result of inappropriate calculation and allocation of the unitary payment.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	***How our audit addressed the key audit matter***
Impact of the COVID-19 pandemic As set out in the Directors' report, the Directors have considered the potential impact of the non-adjusting post balance sheet events that have been caused by the global pandemic of COVID-19 on its concession agreement with HMRC and the Group's ability to continue as a going concern. Because of its potential significance to the financial statements and to our audit, we concluded that the uncertainty created by the COVID-19 pandemic on the financial performance and viability of the Group was a key audit matter.	In challenging management's assessment of the impact of COVID-19 on their business, we took into consideration: • the ability of the Group to continue to provide the services required under the concession agreement during the COVID-19 pandemic; • whether there has been any impact on the main customer's ability to make payments in accordance with the concession agreement, through testing of subsequent receipt, in light of COVID-19; and • the Infrastructure and Projects Authority of Central Government guidance issued on 2 April 2020 which confirmed that 'Private Finance Initiative' work is essential and those delivering the services as key workers. It was also confirmed that COVID-19 was not expected to be a Force Majeure event for concession agreements and that it expected public sector organisations to continue making unitary payments. We have considered the Group's ability to continue delivering against the concession agreement, the ongoing unitary payments from HMRC and the guidance issued by the Infrastructure and Projects Authority and agree with management that the financial impact of COVID-19 upon the Group to be low. Refer to 'Conclusions related to Going Concern' section further in the report.
Risk of incorrect recognition of turnover as a result of inappropriate calculation and allocation of the unitary payment The group is in a service concession arrangement with HMRC to renovate and manage the facilities at the main Treasury building at Whitehall, London. The group accounts for the service concession arrangement as a finance debtor with amortisation and financial income recognised each year at a constant rate (see note 2 to the financial statements). The unitary payments received from HMRC for the service concession arrangement are allocated to turnover, financial income and the finance debtor amortisation. Due to the judgement required to estimate the margin and the significant impact that the allocation of the unitary payments has on key accounts: turnover, financial income, the finance debtor, including those most susceptible to fraudulent manipulation, we consider this risk to be a key area of focus.	Our audit addressed the risk as follows: - We tested a sample of unitary payments received from the Trust, agreeing to invoice and evidence of cash receipt and used this to determine an expectation for total value of payments received in the year. We did not note any significant difference between our expectation and the actual payments recognised. - We re-performed the allocation of the unitary payment between turnover, finance debtor amortisation, financial income and the UPCA and checked that the allocated amounts had been recognised consistently in each of the impacted accounts. We found the calculation to be performed accurately and recognised consistently across the impacted accounts. - We compared the margin applied to costs in the year-ended 31 December 2019 against that used in the year-ended 31 December 2018. We found the margin applied to be similar to that used in the prior year, which is consistent with our expectations, given there have been no significant changes during 2019.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall group materiality	£256,400 (2018: £271,000).
How we determined it	5% of profit before tax.
Rationale for benchmark applied	We believe that profit before tax is the primary measure used by the shareholders in assessing the performance of the entity, and is a generally accepted auditing benchmark.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £10,000 for the parent company only accounts and £256,400 for the subsidiary accounts. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £12,800 (Group audit) (2018: £13,600) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

Reporting on other information

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

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

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

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and 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 group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Paul Cheshire (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
29 JUNE 2020

Exchequer Partnership (No.2) Holdings Limited (Registered number: 04426554)

Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2019

	Notes	2019 £'000	2018 £'000
Turnover	3	**17,194**	18,759
Cost of sales		**(10,751)**	(12,578)
Gross profit		**6,443**	6,181
Administrative expenses		**(2,052)**	(1,531)
Operating profit	5	**4,391**	4,650
Interest receivable and similar income	6	**8,359**	8,459
Interest payable and similar expenses	7	**(7,623)**	(7,679)
Profit before taxation		**5,127**	5,430
Tax on profit	8	**(1,790)**	(1,075)
Profit for the financial year		**3,337**	4,355
Other comprehensive income		**-**	-
Total comprehensive income for the year		**3,337**	4,355
Profit attributable to:			
Owners of the parent		**3,337**	4,355
Total comprehensive income attributable to:			
Owners of the parent		**3,337**	4,355

The notes on pages 17 to 32 form part of these financial statements

Exchequer Partnership (No.2)
Holdings Limited (Registered number: 04426554)

Consolidated Balance Sheet
31 December 2019

	Notes	2019 £'000	2018 £'000
Current assets			
Debtors: amounts falling due within one year	12	**7,533**	5,498
Debtors: amounts falling due after more than one year	12	**123,543**	127,609
Cash at bank		**29,612**	27,335
		160,688	160,442
Creditors: amounts falling due within one year	13	**(10,776)**	(8,020)
Net current assets		**149,912**	152,422
Total assets less current liabilities		**149,912**	152,422
Creditors: amounts falling due after more than one year	14	**(134,079)**	(136,046)
Provisions for liabilities	17	**(13,984)**	(13,564)
Net assets		**1,849**	2,812
Capital and reserves			
Called up share capital	18	**50**	50
Retained earnings		**1,799**	2,762
Shareholders' funds		**1,849**	2,812

The financial statements were approved by the Board of Directors on 29th June 2020 and were signed on its behalf by:

....
C Solley - Director

The notes on pages 17 to 32 form part of these financial statements

Exchequer Partnership (No.2)
Holdings Limited (Registered number: 04426554)

Company Balance Sheet
31 December 2019

	Notes	2019 £'000	2018 £'000
Fixed assets			
Investments	11	**50**	50
Total assets less current liabilities		**50**	50
Capital and reserves			
Called up share capital	18	**50**	50
Shareholders' funds		**50**	50
Company's profit for the financial year		**4,300**	1,700

The financial statements were approved by the Board of Directors on 29th June 2020 and were signed on its behalf by:

....

C Solley - Director

Exchequer Partnership (No.2)
Holdings Limited (Registered number: 04426554)

Consolidated Statement of Changes in Equity
for the Year Ended 31 December 2019

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2018	50	107	157
Changes in equity			
Dividends	-	(1,700)	(1,700)
Total comprehensive income	-	4,355	4,355
Balance at 31 December 2018	50	2,762	2,812
Changes in equity			
Dividends	-	(4,300)	(4,300)
Total comprehensive income	-	3,337	3,337
Balance at 31 December 2019	50	1,799	1,849

The notes on pages 17 to 32 form part of these financial statements

Exchequer Partnership (No.2)
Holdings Limited (Registered number: 04426554)

Company Statement of Changes in Equity for the Year Ended 31 December 2019

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2018	50	-	50
Changes in equity			
Profit for the year	-	1,700	1,700
Total comprehensive income	-	1,700	1,700
Dividends	-	(1,700)	(1,700)
Total transactions with owners, recognised directly in equity	-	(1,700)	(1,700)
Balance at 31 December 2018	50	-	50
Changes in equity			
Profit for the year	-	4,300	4,300
Total comprehensive income	-	4,300	4,300
Dividends	-	(4,300)	(4,300)
Total transactions with owners, recognised directly in equity	-	(4,300)	(4,300)
Balance at 31 December 2019	50	-	50

The notes on pages 17 to 32 form part of these financial statements

Consolidated Cash Flow Statement
for the Year Ended 31 December 2019

	Notes	2019 £'000	2018 £'000
Cash flows from operating activities			
Cash generated from operations	22	**10,527**	4,147
Tax paid		**(852)**	(289)
Net cash from operating activities		**9,675**	3,858
Cash flows from investing activities			
Interest received		**8,359**	8,459
Net cash from investing activities		**8,359**	8,459
Cash flows from financing activities			
Interest paid in year		**(7,443)**	(7,544)
Loan repayments in year		**(2,014)**	(2,488)
Shareholder loans		**(2,000)**	-
Equity dividends paid		**(4,300)**	(1,700)
Net cash from financing activities		**(15,757)**	(11,732)
Increase in cash and cash equivalents		**2,277**	585
Cash and cash equivalents at beginning of year	23	**27,335**	26,750
Cash and cash equivalents at end of year	23	**29,612**	27,335

The notes on pages 17 to 32 form part of these financial statements

1. **Statutory information**

Exchequer Partnership (No.2) 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.

2. **Accounting policies**

Basis of preparing the financial statements
These financial statements were prepared in accordance with the Companies Act 2006 and Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). The presentational currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

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

Measurement convention
The financial statements are prepared on the historical cost basis.

Financial reporting standard 102 - reduced disclosure exemptions

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included a second time; and
- No separate parent company Cash Flow Statement withe related notes is included; and
- Key Management Personnel compensation has not been included a second time.

The company proposes to continue to adopt the reduced disclosure framework of FRS102 in its next Financial Statements.

Basis of consolidation
The consolidated financial statements include the financial statements of the company and its subsidiary undertaking made up to 31 December 2019. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities.

In assessing control, the group takes into consideration potential voting rights that are currently exercisable.
A special purpose entity (SPE) is consolidated if the group concludes that it controls the SPE.

Under Section 408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account.

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

 continued...

2. **Accounting policies - continued**

Significant estimates and judgements
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 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 the finance debtor requires estimation of a finance debtor interest rate. The balance on the finance debtor is disclosed in note 11 to the accounts and interest receivable in note 6.

Going concern
The Group currently has £139,745,000 (2018: £141,578,000) of total debt. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that it should be able to operate within the level of its current facilities for at least the next twelve months from the date of signing these financial statements.

The Directors have reviewed the Group's projected profits and cash flows by reference to a financial model covering accounting periods up to September 2037. The Group has considerable financial resources together with long-term contracts with HM Customs and Excise and Inland Revenue (HMRC). As a consequence, the directors believe that the company is well placed to manage its business risks successfully.

After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least the next twelve months. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

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 Company under FRS102 section 34c because the risks and rewards of ownership as set out in that Standard are deemed to lie principally with HM Customs and Excise and Inland Revenue (HMRC). The Company has taken the transition exemption in FRS102 Section 35.10(i) which allows it to continue the service concession arrangement accounting policies from previous UK GAAP.

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. Amounts receivable under the agreement with HM Customs and Excise and Inland Revenue (HMRC) relating to the East End of the main Treasury building facilities transferred are included under debtors and represent the total amount outstanding under the agreement less unearned interest. Finance lease income is allocated to accounting periods so as to give a constant rate of return on the net cash investment in the lease.

In the operational phase, the balance of unitary payments received, after accounting for the finance debtor interest and amortisation components (which together sum to a constant figure in each period, as in a lease) is accounted for as turnover.

continued...

2. **Accounting policies - continued**

Classification of financial instruments issued by the group
In accordance with Section 22 of FRS 102, financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

(b) where the instrument will or may be settled in the group's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the group's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

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 instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments
Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and Cash equivalents
Cash at bank and in hand comprises cash balances and call deposits.

Restricted cash
The Group is obligated to keep a separate cash reserve in respect of future financing costs. This restricted cash balance, which is shown on the balance sheet within the "cash at bank" balance, amounts to £4,744,000 at the year end (2018: £4,522,000).

The Group is also obligated to keep a separate cash reserve in respect of future major maintenance costs. This restricted cash balance, which is shown on the balance sheet within the "cash at bank" balance, amounts to £12,402,000 at the year end (2018: £9,678,000).

Taxation
Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

continued...

2. **Accounting policies - continued**

Deferred tax
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

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.

Interest receivable and interest payable
Interest payable and similar charges 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 payable is recognised in profit or loss as it accrues, using the effective interest method. Other interest receivable and similar income is recognised in profit or loss as it accrues.

Dividend income
Dividend income is recognised in the profit and loss account on the date the company's right to receive payment is established.

Provisions
A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date. Provisions are made in respect of lifecycle maintenance costs to the extent that the company is obligated to undertake maintenance in future periods.

3. **Turnover**

The turnover and profit before taxation are attributable to the one principal activity of the company and arise entirely within the United Kingdom.

continued...

4. **Employees and directors**

	2019	2018
	£000	£000
Recharges in respect of non-executive directors' services to third parties	**273**	266

The Group had no employees during the year (2018: 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 (2018: £nil). A payment is made for the services of the non-executive directors to their employer.

5. **Operating profit**

The operating profit is stated after charging:

	2019	2018
	£'000	£'000
Auditors' remuneration	**11**	11

Auditor's remuneration of £2,000 (2018: £2,000) was, without recharge, borne by Exchequer Partnership (No.2) Plc, the company's subsidiary undertaking. All fees relate to audit services. No non-audit services were provided.

6. **Interest receivable and similar income**

	2019	2018
	£'000	£'000
Bank interest	**170**	134
Finance debtor interest	**8,189**	8,325
	8,359	8,459

7. **Interest payable and similar expenses**

	2019	2018
	£'000	£'000
Interest payable on bonds and mezzanine loan	**7,314**	7,381
Other charges	**309**	298
	7,623	7,679

continued...

8. Tax on profit

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2019 £'000	2018 £'000
Current tax:		
UK corporation tax	837	68
Adjustment to tax charge in respect of prior period	374	(158)
Total current tax	1,211	(90)
Deferred tax	579	1,165
Tax on profit	1,790	1,075

UK corporation tax has been charged at 19% (2018 - 19%).

Reconciliation of total tax charge included in profit and loss

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

	2019 £'000	2018 £'000
Profit before tax	5,127	5,430
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	974	1,032
Effects of:		
Expenses not deductible for tax purposes	343	243
Income not taxable for tax purposes	(35)	(42)
Adjustments to tax charge in respect of previous periods	374	(158)
Reduction in tax rate on deferred tax balances	134	-
Total tax charge	1,790	1,075

continued...

8. **Tax on profit - continued**

Deferred tax charges recognised in profit and loss relate to:

	2019 £000	2018 £000
Tax losses	724	1,242
Origination and reversal of timing differences	(145)	(77)
	579	1,165

Factors that may affect future tax charges

A change to the future UK corporation tax rate was announced in the March 2020 Budget. The rate will no longer drop to 17% with effect from 1 April 2020 but will remain at the previous rate of 19%. This change had not been substantively enacted at the balance sheet date and therefore is not recognised in these financial statements. Restating the deferred tax provision at 19% at 31 December 2019 would increase the liability by £458,000.

9. **Individual statement of comprehensive income**

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

10. **Dividends**

	2019 £'000	2018 £'000
Ordinary shares of £1 each		
Dividend	4,300	1,700

The dividend per share for the financial year was £86.00 (2018: £34.00).

11. **Investments**

Company

	Shares in group undertakings £'000
Cost	
At 1 January 2019	
and 31 December 2019	50
Net book value	
At 31 December 2019	50
At 31 December 2018	50

continued...

11. **Investments - continued**

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiary

Exchequer Partnership (No. 2) Plc
Registered office: 3rd Floor, 3-5 Charlotte Street, Manchester M1 4HB.
Nature of business: Operation of facilities management

	% holding
Class of shares:	
Ordinary	100.00

	2019 £'000	2018 £'000
Aggregate capital and reserves	**1,849**	2,812
Profit for the year	**3,337**	4,355

The carrying amount of the investment is supported by the net assets of the subsidiary undertaking.

12. **Debtors**

	Group 2019 £'000	Group 2018 £'000
Amounts falling due within one year:		
Trade debtors	**973**	205
Finance debtor	**4,062**	3,814
Other debtors	**146**	841
Amounts due from related undertakings	**2,000**	-
Tax	**-**	221
VAT	**-**	38
Prepayments and accrued income	**352**	379
	7,533	5,498

	Group 2019 £'000	Group 2018 £'000
Amounts falling due after more than one year:		
Finance debtor	**123,543**	127,609
Aggregate amounts	**131,076**	133,107

Shareholder loans comprise short term loans due to be repaid to the company within one year. They carry an interest rate of 6.9% p.a.

continued...

13. **Creditors: amounts falling due within one year**

	Group	
	2019	2018
	£'000	£'000
Fixed rate guaranteed bonds (see note 15)	**5,249**	5,129
Mezzanine loan (see note 15)	**417**	403
Trade creditors	**2,777**	934
Corporation tax	**138**	-
VAT	**415**	-
Other creditors	**888**	949
Accruals and deferred income	**892**	605
	10,776	8,020

14. **Creditors: amounts falling due after more than one year**

	Group	
	2019	2018
	£'000	£'000
Fixed rate guaranteed bonds (see note 15)	**127,498**	129,187
Mezzanine loan (see note 15)	**6,581**	6,859
	134,079	136,046

continued...

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2019

15. **Loans**

An analysis of the maturity of loans is given below:

	Group 2019 £'000	2018 £'000
Amounts falling due within one year or on demand:		
Fixed-rate guaranteed secured bonds	**5,249**	5,129
Mezzanine loan	**417**	403
	5,666	5,532
Amounts falling due between one and two years:		
Fixed-rate guaranteed secured bonds	**2,214**	1,707
Mezzanine loan	**307**	281
	2,521	1,988
Amounts falling due between two and five years:		
Fixed-rate guaranteed secured bonds	**11,760**	8,957
Mezzanine loan	**1,097**	1,004
	12,857	9,961
Amounts falling due in more than five years:		
Repayable by instalments		
Fixed-rate guaranteed secured bonds	**113,524**	118,523
Mezzanine loan	**5,177**	5,574
	118,701	124,097

continued...

15. **Loans - continued**

Terms and debt repayment schedule

The total cash repayable on the loan is as follows:

	Currency	**Nominal interest**	**Year of maturity**	**Repayment schedule**	**2019 £000**	2018 £000
Fixed rate guaranteed secured bonds	GBP	5.396%	2036	Semi-annual	**134,758**	136,540
Mezzanine loan	GBP	LIBOR +3.1%	2033	Semi-annual	**7,163**	7,451

The fixed-rate guaranteed secured bonds are secured by a fixed charge over the whole of the property, assets and undertaking of the company, assignment of all rights to any proceeds of any insurance policies and all present and future book and other charges over all assets which have not been secured by way of a fixed charge or assignment.

The mezzanine loan is unsecured.

The full amount of loans drawn at 31 December 2019 is £141,921,000 (2018: £143,991,000). Amortised costs of £2,176,000 (2018: £2,413,000), have been set off against total loan drawdowns.

continued...

16. **Financial instruments**

	2018	2018
	£000	£000
Assets measured at amortised cost	**131,076**	133,107
Liabilities measured at amortised cost	**(144,855)**	(144,066)

The Fixed-rate guaranteed secured bonds and Mezzanine loan are considered to be basic financial instruments as both satisfy the criteria set out in FRS102 Section 11.9 in that they are for a fixed amount of debt and both have either a fixed rate of interest or positive variable rates of interest. The finance debtor is also considered a basic financial instrument due to it being a long term receivable. As all are classed as basic financial instruments they are held at amortised cost.

The group's principal financial instruments comprise short term bank deposits, a fixed-rate guaranteed secured bond and a Mezzanine loan.

The main objective of these financial instruments is to ensure that the profile of the debt service costs is tailored to match expected revenues arising from the Concession Agreement.

The group does not undertake financial instrument transactions which are speculative or unrelated to the company's trading activities. The main risks arising from the group's financial instruments are finance risk, liquidity risk and credit risk.The board reviews and agrees policies for managing each of these risks and they summarised below.

Finance risk
In order to fund the development of the Treasury building, the group has issued fixed rate debt to achieve a correlation between the portion of the unitary payment that increases at a fixed inflationary rate and the finance charges. The group deposits excess funds not immediately required.

Liquidity risk
The latest financial forecasts show that unitary payment receivable under the Concession Agreement will be sufficient to repay all future bond payments as they fall due

Credit risk
The above financial instruments are subject to credit and market risk. The carrying value of financial assets represents the maximum credit exposure. therefore, the maximum exposure to credit risk at the balance sheet date was £131,076,000 (2018: £133,107,000).

The group maintains regular liaison with Assured Guaranty (Europe) Limited as insurance guarantor of the Bond.

Market risk
Market risk is the sensitivity of the value of financial instruments to changes in related interest rates. The company's financial instruments are not subject to significant changes in interest rates.

continued...

17. **Provisions for liabilities**

	Group	
	2019	2018
	£'000	£'000
Deferred tax	**7,537**	6,958
Other provisions		
Lifecycle provision	**6,447**	6,606
Aggregate amounts	**13,984**	13,564

Group

	Deferred tax	**Life cycle provision**
	£'000	**£'000**
Balance at 1 January 2019	**6,958**	**6,606**
Charge to Statement of Comprehensive Income during year	**579**	**1,972**
Utilised during year	**-**	**(2,131)**
Balance at 31 December 2019	**7,537**	**6,447**

continued...

17. **Provisions for liabilities - continued**

Lifecycle

Lifecycle provisions represent the difference between the cumulative charge to profit and loss and the cumulative amount of cash expenditure paid to the lifecycle sub-contractor. Lifecycle expenditure is charged to profit and loss on a systematic basis, so as to give an annual charge, increasing with inflation each year, which in total equates to the total amount of the forecast lifecycle expenditure to be paid over the whole concession. The amounts and timing of these payments are defined in the sub-contract agreement.

Under the terms of the contract with HMRC dated 21 January 2003 the group is committed to payments of £25.7 million (subject to inflation) for lifecycle expenditure over the remaining contact term.

Deferred tax

Deferred tax assets and liabilities are attributable to the following:

	Assets		**Liabilities**		**Net**	
	2019	2018	**2019**	2018	**2019**	2018
	£'000	£'000	**£'000**	£'000	**£'000**	£'000
Accelerated capital allowances	**-**	-	**(6,523)**	(6,620)	**(6,523)**	(6,620)
Unused tax losses	**442**	1,167	**-**	-	**442**	1,167
Other	**-**	-	**(1,456)**	(1,505)	**(1,456)**	(1,505)
Tax assets / (liabilities)	**442**	1,167	**(7,979)**	(8,125)	**(7,537)**	(6,958)
Net of tax (liabilities) / assets	**(442)**	(1,167)	**442**	1,167	**-**	-
Net tax liabilities	**-**	-	**(7,537)**	(6,958)	**(7,537)**	(6,958)

In the year ended 31 December 2020 a net increase in the deferred tax liabilities of £442,000 is expected to occur due to the utilisation of tax losses.

18. **Called up share capital**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	**2019** £	2018 £
50,000	Ordinary	£1	**50,000**	50,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

19. **Ultimate parent company**

In the opinion of the directors, the ultimate controlling party comprises Consolidated Investment Holdings Limited and Aberdeen Sidecar LP Inc. acting together.

continued...

20. Related party disclosures

Civis PFI/PPP Infrastructure Fund LP
The related party is a 50% shareholder in Consolidated Investment Holdings Limited
and provided the company with directors' services in the year amounting to £68,000 (2018: £67,000). At the balance sheet date, the amount owing to the related party was £Nil (2018: £Nil).

Aberdeen Infrastructure Finance GP Ltd
Registered office: Bow Bells House, 1 Bread Street, London, England, EC4M 9HH.
The related party is a sister company of Aberdeen Infrastructure (No. 3) Limited 50% shareholder in Consolidated Investment Holdings Limited. It provided the company with directors' services in the year amounting to £68,000 (2018: £65,000). At the balance sheet date, the amount owing to the related party was £Nil (2017: £Nil).

Aberdeen Sidecar LP Inc.
Registered office: Bow Bells House, 1 Bread Street, London, England, EC4M 9HH.
The related party is a 50% shareholder in Exchequer Partnership Holdings (No. 2) Limited, and provided the company with directors' services in the year amounting to £137,000 (2018: £133,000). At the balance sheet date, the amount owing to the related party was £Nil (2018: £Nil).

Albany SPC Services Ltd
Registered office: 3rd floor, 3-5 Charlotte Street, Manchester, M1 4HB.
The related party is 100% owned by Civis PFI/PPP Infrastructure Fund LLP, and provided the company with management and other services in the year amounting to £217,000 (2017: £212,000). At the balance sheet date, the amount owing to the related party was £Nil (2018: £Nil).

Loans to shareholders
During the period shareholder loans were made to the two shareholders. At the balance sheet date £1,000,000 (2018: £Nil) was due from Aberdeen Sidecar LP Inc and £1,000,000 (2018: £Nil) was due from Consolidated Investment Holdings Limited. Interest is charged at 6.9% p.a. on these loans.

21. Post balance sheet events

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.

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

continued...

22. Reconciliation of profit for the financial year to cash generated from operations

	2019	2018
	£'000	£'000
Profit for the financial year	3,337	4,355
Increase in provisions	(158)	(1,474)
Decrease in finance debtor	3,818	1,566
Finance costs	7,623	7,679
Finance income	(8,359)	(8,459)
Tax on profit	1,790	1,075
	8,051	4,742
(Increase)/decrease in trade and other debtors	(8)	1,078
Increase/(decrease) in trade and other creditors	2,484	(1,673)
Cash generated from operations	10,527	4,147

23. Cash and cash equivalents

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2019

	31/12/19	1/1/19
	£'000	£'000
Cash and cash equivalents	29,612	27,335

Year ended 31 December 2018

	31/12/18	1/1/18
	£'000	£'000
Cash and cash equivalents	27,335	26,750

24. Analysis of changes in net debt

	At 1/1/19	Cash flow	At 31/12/19
	£'000	£'000	£'000
Net cash			
Cash at bank	27,335	2,277	29,612
	27,335	2,277	29,612
Debt			
Debts falling due within 1 year	(5,532)	(134)	(5,666)
Debts falling due after 1 year	(136,046)	1,967	(134,079)
	(141,578)	1,833	(139,745)
Total	(114,243)	4,110	(110,133)