

COMMUNITY SOLUTIONS PARTNERSHIP SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

MONDAY



ACH5J1Q3

A10

27/11/2023

#32

COMPANIES HOUSE

COMMUNITY SOLUTIONS PARTNERSHIP SERVICES LIMITED

CONTENTS

	Page
Company Information	1
Directors' Report	2
Statement of Directors' Responsibilities	3
Independent Auditor's Report	5
Statement of Comprehensive Income	8
Balance Sheet	9
Statement of Changes in Equity	10
Principal Accounting Policies	11
Notes to the Financial Statements	15

COMMUNITY SOLUTIONS PARTNERSHIP SERVICES LIMITED

COMPANY INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2022

Directors	S P Crummett J C Morgan R J Dixon
Company Secretary	C Sheridan
Registered Office	Kent House 14–17 Market Place London W1W 8AJ
Independent Auditor	Ernst & Young LLP 1 More London Place London SE1 2AF

COMMUNITY SOLUTIONS PARTNERSHIP SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 December 2022

The directors present their annual report and the audited financial statements for the year ended 31 December 2022. The financial statements have been prepared under United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 Reduced Disclosure Framework.

The directors have taken advantage of the small companies' exemption in not preparing a strategic report under section 414B of the Companies Act 2006. This directors' report has been prepared in accordance with the special provisions relating to small companies within Part 15 under section 415A of the Companies Act 2006.

Principal activity

The Company is party to a number of lease arrangements as a lessee as well as a lessor which run until 2033.

Going concern

The directors have reviewed the performance of the Company during the year as set out in these financial statements and, after taking account of possible changes that can reasonably be envisaged in trading performance, have considered the cashflow forecasts and future liquidity requirements of the Company over the going concern assessment period of 12 months from approval of the financial statements.

The Company is in a net liability position at the year end but trades profitably with forecasts indicating no additional cash requirements throughout the assessment period, which include a consideration of severe but plausible downside scenarios. In the event that additional funding is to be required, the parent company, Morgan Sindall Investments Limited has committed to assist the Company in meeting its liabilities as and when they fall due, but only to the extent that money is not otherwise available to the Company to meet such liabilities. However, such support is not expected to be utilised based on the cashflow forecasts.

Having regards to the above and after making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of 12 months from the date the financial statements are authorised for issue. Thus, they continue to adopt the going concern basis in preparing the financial statements.

Directors

The directors who served during the year and to the date of this report are shown on page 1. None of the directors had any interest in the shares of the Company during the year ended 31 December 2022 (2021: none).

Directors' indemnities

The Company indemnifies the directors in its Articles of Association to the extent allowed under section 232 of the Companies Act 2006. Furthermore, Morgan Sindall Group plc (ultimate parent company) maintains liability insurance for its directors and officers and those of its directors and officers of its associated companies. The Group has also indemnified certain directors of its Group companies to the extent permitted by law against any liability incurred in relation to acts or omissions arising in the ordinary course of their duties.

The Company has not made qualifying third-party indemnity provisions for the benefit of its directors during the year (2021: nil).

Post balance sheet events

On 11 August 2020, the Company resolved that an interim distribution of £900,000 be paid to Morgan Sindall Investments Limited as the sole shareholder of the Company. In preparing the 2021 financial statements, it came to light (on the basis of information available after the 11 August 2020 interim distribution was declared and paid) that there was an historic accounting error relating to IFRS-16 'Leases' (see principal accounting policies section). After reflecting the correction of the error described above, there was a deficit in the Company's distributable reserves of £60,482 when the 11 August

COMMUNITY SOLUTIONS PARTNERSHIP SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 December 2022

2020 interim distribution was declared and paid. Therefore, a portion (equal to the amount of the deficit) of the 11 August 2020 interim distribution was unlawful. On 19th April 2023, in order to rectify this, the Company increased its cash and distributable reserves through a capital injection by Morgan Sindall Investments Limited, which subscribed one ordinary share of £0.50 for an aggregate subscription price of £200,000. The capital increase was followed by a capital reduction by the Company of the same amount. Following the increase in the Company's distributable reserves, an amount equal to the value of the deficit amount was appropriated and applied to the payment of the unlawful portion of the 11 August 2020 interim distribution.

Independent auditor and disclosure of information to the independent auditor

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

- So far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- Each director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Ernst & Young LLP have expressed their willingness to continue in office as auditor and pursuant to Section 487 of the Companies Act 2006, Ernst & Young LLP is deemed to be reappointed as auditor.

Directors' responsibilities statement

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 Practice (United Kingdom Accounting Standards and applicable law) including FRS 101 Reduced Disclosure Framework. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company financial position and financial performance;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 transactions and disclose with reasonable accuracy at any time the financial position of the Company and

COMMUNITY SOLUTIONS PARTNERSHIP SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 December 2022

enable them to ensure that the financial statements comply with Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

For and on behalf of the Board



R Dixon

Director

24th November 2023

COMMUNITY SOLUTIONS PARTNERSHIP SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMMUNITY SOLUTIONS PARTNERSHIP SERVICES LIMITED FOR THE YEAR ENDED 31 DECEMBER 2022

Opinion

We have audited the financial statements of Community Solutions Partnership Services Limited (the 'company') for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 15, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2022 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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the 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 company's ability to continue as a going concern for a period of 12 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. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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

COMMUNITY SOLUTIONS PARTNERSHIP SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMMUNITY SOLUTIONS PARTNERSHIP SERVICES LIMITED FOR THE YEAR ENDED 31 DECEMBER 2022

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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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 the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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
- the directors were not entitled to 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 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

COMMUNITY SOLUTIONS PARTNERSHIP SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMMUNITY SOLUTIONS PARTNERSHIP SERVICES LIMITED FOR THE YEAR ENDED 31 DECEMBER 2022

Explanation as to what extent 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 irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

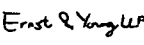
Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the financial reporting framework (FRS 101 "Reduced Disclosure Framework" and the Companies Act 2006) and the relevant tax compliance regulations in the United Kingdom.
- We understood how Community Solutions Partnership Services Limited is complying with those frameworks by making enquiries of management including those responsible for legal and compliance procedures, and the Company Secretary. We corroborated our enquiries through our review of board meeting minutes, noting the oversight the ultimate parent company's Board and management have over the Company.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where they considered there was susceptibility to fraud. We considered the processes and controls that the company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how management monitor those processes and controls.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved testing any unusual transactions based on our understanding of the business, enquiries of management, review of board meeting minutes and obtaining written representations from the directors of the company.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

DocuSigned by:

74F7CB13C3F24E8...

Bianca Gill (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
24 November 2023

COMMUNITY SOLUTIONS PARTNERSHIP SERVICES LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

			(*Restated)
	Notes	2022 £000	2021 £000
Revenue	1	116	176
Cost of sales		(65)	(94)
Impairment of investment properties		(12)	31
Gross profit		39	113
Administrative expenses		150	149
Operating profit	2	189	262
Profit on transfer of investment property		54	-
Interest receivable	4	3	1
Interest payable	4	(46)	(52)
Profit before taxation		200	211
Tax	5	(49)	(23)
Profit for the year attributable to owners of the Company		151	188
Other comprehensive income		-	-
Total comprehensive income for the financial year attributable to owners of the Company		151	188

Continuing operations

The results for the current and previous financial years derive from continuing operations.

*The prior year balance for tax has been restated as described in Principal Accounting policies on page 11.

COMMUNITY SOLUTIONS PARTNERSHIP SERVICES LIMITED

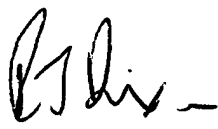
BALANCE SHEET AS AT 31 DECEMBER 2022

	Notes	2022 £000	(*Restated) 2021 £000
Non-current assets			
Investment properties	6	404	536
Deferred tax asset	12	94	94
		498	630
Current assets			
Trade and other receivables	7	25	36
Cash and bank balances	9	293	151
		318	187
Total assets		816	817
Current liabilities			
Trade and other payables	10	(251)	(208)
Total current liabilities		(251)	(208)
Net current assets/(liabilities)		67	(21)
Non-current liabilities			
Lease liabilities	11	(693)	(888)
		(693)	(888)
Total liabilities		(944)	(1,096)
Net liabilities		(128)	(279)
Capital and reserves			
Share capital	13	-	-
Retained loss		(128)	(279)
Total shareholder's deficit		(128)	(279)

*The prior year balances for deferred tax asset, trade and other payables and retained loss have been restated as described in the Principal Accounting Policies on page 11.

The Directors' Report has been prepared in accordance with the provisions relating to small companies under section 415A of the Companies Act 2006. The directors have also taken advantage of the small companies' exemption under section 414B of the Companies Act 2006 to not prepare a Strategic Report.

The financial statements of Community Solutions Partnership Services Limited (company number 04727097) were approved by the Board and authorised for issue on 24th November 2023. They were signed on its behalf by:



R Dixon, Director

COMMUNITY SOLUTIONS PARTNERSHIP SERVICES LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Share Capital (note 12) £000	Retained Loss £000	Total £000
At 1 January 2021 (unaudited)	-	(467)	(467)
Total comprehensive income (*restated)	-	188	188
At 1 January 2022 (*restated)		(279)	(279)
Total comprehensive income	-	151	151
At 31 December 2022	-	(128)	(128)

*The prior year total comprehensive income has been restated as described in the Principal Accounting Policies on page 11.

COMMUNITY SOLUTIONS PARTNERSHIP SERVICES LIMITED

PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2022

General information

Community Solutions Partnership Services Limited (the 'Company') is a private company limited by shares, incorporated and domiciled in the UK under the Companies Act 2006 and registered in England and Wales. The nature of the Company's operations and its principal activities are set out in the Directors' report on page 2. The address of the registered office is given on page 1.

Basis of accounting

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, the Company has prepared its financial statements in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, related party transactions and opening balance sheet restatement of material prior period error. Where required, equivalent disclosures are given in the consolidated accounts of Morgan Sindall Group plc, which are available to the public at www.morgansindall.com.

The financial statements have been prepared under the historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

These financial statements are presented to the nearest thousand pounds sterling which is the Company's presentational and functional currency.

The immediate parent undertaking of the Company is Morgan Sindall Investments Limited, which is registered in England and Wales.

The directors consider that the ultimate parent undertaking and ultimate controlling party of this Company is Morgan Sindall Group plc, which is registered in England and Wales. It is the largest and smallest group into which the results of the Company are consolidated. Copies of the consolidated financial statements of Morgan Sindall Group plc are available from www.morgansindall.com or from its registered office Kent House, 14-17 Market Place, London W1W 8AJ.

These financial statements are separate financial statements and present information about the Company as an individual undertaking.

Adoption of new and revised standards

New and revised accounting standards adopted by the Company

During the year, the following new and revised standards and interpretations became applicable. However, they do not have a significant impact on the accounts or disclosures in these financial statements.

- Amendments to IFRS 3 'Reference to the Conceptual Framework'
- Amendments to IAS 16 'Property, Plant and Equipment – Proceeds before Intended Use'
- Amendments to IAS 37 'Onerous Contracts – Cost of Fulfilling a Contract'
- Annual Improvements to IFRS Accounting Standards 2018-2020 cycle

Restatement of prior year results

In September 2023, the Company re-filed the tax returns for the years ended 31 December 2020 and 31 December 2021 to reflect the changes to the tax position following the changes arising from the retrospective application of IFRS-16 'leases'. However, the tax position for 2019 was not re-filed which has resulted in a difference between the tax position

COMMUNITY SOLUTIONS PARTNERSHIP SERVICES LIMITED

PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2022

reported in the re-filed tax returns for 2020 and 2021, versus the tax position applied in the 2021 financial statements. This has been identified as an error with regards to corporation tax and deferred tax balances.

Therefore, the error has been corrected by restating each of the affected financial statement line items for the prior period, as follows:

Impact on balance sheet	31 December 2021 £000
Deferred tax asset	68
Increase in non-current assets	68
Corporation tax payable	(53)
Increase in total liabilities	(53)
Net increase in equity	15

The impact on the Statement of Comprehensive income is an increase in total comprehensive income of £15,000 as per below:

Impact on statement of comprehensive income	31 December 2021 £000
Tax	15
Impact on profit after tax	15

An adjustment has also been recognised to reclassify £5,000 between current corporation tax and deferred tax for 2021 and a further reclassification between corporation tax and deferred tax of £58,000 in relation to the IFRS 16 transitional provision taxation for the year ended 31 December 2020.

In accordance with disclosure exemptions available under FRS 101, a restated balance sheet at 1 January 2021 is not presented.

Going concern

The directors have reviewed the performance of the Company during the year as set out in these financial statements and, after taking account of possible changes that can reasonably be envisaged in trading performance, have considered the cashflow forecasts and future liquidity requirements of the Company over the going concern assessment period of 12 months from approval of the financial statements.

The Company is in a net liability position at the year end but trades profitably with forecasts indicating no additional cash requirements throughout the assessment period, which include a consideration of severe but plausible downside scenarios. In the event that additional funding is to be required, the parent company, Morgan Sindall Investments Limited has committed to assist the Company in meeting its liabilities as and when they fall due, but only to the extent that money is not otherwise available to the Company to meet such liabilities. However, such support is not expected to be utilised based on the cashflow forecasts.

Having regards to the above and after making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of 12 months from the date the financial statements are authorised for issue. Thus, they continue to adopt the going concern basis in preparing the financial statements.

COMMUNITY SOLUTIONS PARTNERSHIP SERVICES LIMITED

PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2022

Revenue

Rent earned on lease contracts is recognised as revenue over the period the rental income applies on an accrual basis. Recharges for utilities and service charges on lease contracts are recognised as they are expensed and incurred.

Income tax

The income tax expense represents the current and deferred tax charges. Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity.

Current tax is the Company's expected tax liability on taxable profit for the year using tax rates enacted or substantively enacted at the reporting date and any adjustments to tax payable in respect of previous years.

Taxable profit differs from that reported in the statement of comprehensive income because it is adjusted for items of income or expense that are assessable or deductible in other years and is adjusted for items that are never assessable or deductible.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the corresponding tax bases used in tax computations.

Deferred tax is recognised on temporary differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at the tax rates expected to apply when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted and are only offset where this is a legally enforceable right to offset current tax assets and liabilities.

Financial Instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Leases

Where the company is a lessee, a right-of-use asset and lease liability are recognised at the outset of the lease other than those that are less than one year in duration or of a low value.

The lease liability is initially measured at the present value of the lease payments that are not paid at that date based on the Company's expectations of the likelihood of lease extension or break options being exercised. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. The lease liability is subsequently adjusted to reflect imputed interest, payments made to the lessor and any lease modifications.

The right-of-use asset is initially measured at cost, which comprises the amount of the lease liability, any lease payments made at or before the commencement date, less any lease incentives received, any initial direct costs incurred by the Company and an estimate of any costs that are expected to be incurred at the end of the lease to dismantle or restore the asset. The right-of-use assets are presented within the investment properties line in the balance sheet, as the leases are all for properties that are held to earn rentals, and depreciated over the shorter of remaining lease term or useful lives of the underlying assets. The amount charged to the income statement comprises the depreciation of the right-of-

COMMUNITY SOLUTIONS PARTNERSHIP SERVICES LIMITED

PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2022

use asset and the imputed interest on the lease liability.

Lease payments on short-term leases and leases of low value-assets are recognised as an expense on a straight-line basis over the lease term.

Investment properties

Investment properties relate to the right of use assets recognised in respect of property leases as described above. These are measured initially at cost, including transaction costs. Subsequently investment properties are held at cost and depreciated over the shorter of the remaining lease term or useful lives of the underlying assets.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal.

Investment properties are assessed for impairment on an annual basis. An impairment loss is recognised where the recoverable amount of the investment property is less than its carrying amount recognised on the balance sheet.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires the Company's management to make judgements, assumptions and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. 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.

There are no further critical judgements or key sources of estimation uncertainty that are expected to have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

COMMUNITY SOLUTIONS PARTNERSHIP SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. Revenue

All revenue is generated in the United Kingdom, primarily from income earned via lease contracts, and includes rental income of £96,000 (2021: £108,000) and other recharges income £20,000 (2021: £68,000).

2. Operating profit

	2022 £000	2021 £000
Operating profit is stated after charging/(crediting):		
Depreciation - investment properties	50	51
Impairment loss/(reversal) on investment properties	12	(31)
Profit on transfer of investment property	(54)	-

The company's audit fee of £6,600 (2021: £6,000) was borne by Morgan Sindall Group plc, which is the ultimate parent company of the Group which Community Solutions Partnership Services Limited is a part of.

3. Staff costs

There were no staff costs for the year ended 31 December 2022 (2021: £nil) and the Company had no employees during the year (2021: none). None of the directors received any emoluments (2021: £nil) in their capacity as directors of the Company. These individuals are remunerated by another company in the Group.

4. Net interest (payable)/receivable

	2022 £000	2021 £000
Other interest receivable	3	1
Interest receivable	3	1
Interest expense on lease liabilities	(46)	(52)
Interest payable	(46)	(52)
Net interest payable	(43)	(51)

5. Tax

	2022 £000	2021 £000
UK corporation tax charge on profit for the year	(35)	(31)
Adjustment in respect of previous years	(14)	(4)
Total current tax charge	(49)	(35)
<i>Origination and reversal of timing differences:</i>		
Current year	(5)	(10)
Adjustment in respect of prior years	5	-
Effect of rate change	-	22
Total deferred tax (note 12)	-	12
Total tax expense	(49)	(23)

Corporation tax is calculated at 19% (2021:19%) of the estimable taxable profit for the year. The actual tax charge for the current and preceding year differs from the standard rate for the reasons set out in the following reconciliation.

COMMUNITY SOLUTIONS PARTNERSHIP SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

5. Tax (continued)

	2022	(*Restated) 2021
	£000	£000
Profit before tax	200	211
Tax on profit at corporation tax rate	(38)	(40)
<i>Factors affecting the charge for the year:</i>		
Effect of rate change	-	22
Non-taxable – tax penalty	(2)	-
Other	-	(1)
Adjustment to tax charge in respect of previous years	(9)	(4)
Total tax expense	(49)	(23)

During 2021 it was announced that the UK Corporation tax rate will increase from 19% to 25% from 1 April 2023. Consequently, at the balance sheet date, the applicable tax rate for the Company (taking into account its December year end) was expected to be 23.5% in 2023, and 25% in 2024 (and beyond).

Deferred tax balances as at 31 December 2022 are measured at the enacted rates that are expected to apply to the unwind of each asset or liability. Accordingly deferred tax balances as at 31 December 2022 have been calculated at a mix of 23.5% and 25%. Deferred tax balances as at 31 December 2021 were calculated at a mix of 19%, 23.5% and 25%.

*The prior year amounts for tax expense has been restated as described in the Principal Accounting Policies on page 11.

6. Investment properties

	Investment properties – Leasehold property	
	2022	2021
	£000	£000
Cost		
As at 1 January	1,003	1,003
Disposal	(117)	-
As at 31 December	886	1,003
Depreciation and impairment		
As at 1 January	(467)	(447)
Depreciation charge for the year	(50)	(51)
Disposal	47	-
Impairment (charge)/reversal	(12)	31
As at 31 December	(482)	(467)
Net Book Value		
As at 31 December	404	536

The Company's investment properties consisted of seven commercial properties in Balderton, Charnwood, Ancoats, Warsop, Haworth and Wythenshawe. On 13th September 2022, the Company surrendered its lease as tenant for Wythenshawe pharmacy.

COMMUNITY SOLUTIONS PARTNERSHIP SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

6. Investment properties (continued)

As at 31 December 2022, the total fair value of the investment properties was £446,000 (2021: £714,000) and are based on internal valuations taking into account the current and expected rental income and market-derived discount rates.

The Company has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

7. Trade and other receivables

	2022	2021
	£000	£000
Amounts falling due within one year		
Trade debtors	14	17
Amounts owed by related parties	6	7
Prepayments	1	12
VAT	4	-
	25	36

Included within trade debtors for the current year is a provision for impairment against bad debts of £15,670 (2021: £16,231).

Amounts owed by related parties are payable on demand and are not interest bearing.

8. Lessor leases

The Company has entered into a number of operating leases on its investment property portfolio consisting of three pharmacy leases and one flat lease (2021: four pharmacy leases and one flat lease). The leases have total lease terms of 23-24 years. The 3 pharmacy leases include a clause for rent reviews every 3 years based on RPI rate prevailing at time of rent review. Rental income recognised by the Company during the year is £96,000 (2022: £108,000)

Future minimum rentals receivable from the operating leases as at 31 December are as follows:

	2022	2021
	£000	£000
Within one year	71	105
Between 1 and 2 years	71	105
Between 2 and 3 years	71	105
Between 3 and 4 years	71	105
Between 4 and 5 years	71	105
More than 5 years	372	471
	727	996

9. Cash and bank

The Company participates in the Group's banking arrangements (under which it is a cross guarantor). As at 31 December 2022 the Group has cash balances of £354.6m (2021: £358m). The Group also had £15m of committed loan facilities maturing in 2024 and £165m of committed loan facilities maturing in 2025, which were entirely undrawn as at 31 December 2022.

COMMUNITY SOLUTIONS PARTNERSHIP SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

9. Cash and bank (continued)

The Company is party to a Group overdraft facility limit of up to £80m gross and individual company overdraft facility limit of £1m net repayable on demand. The Company also has other facilities available shared with group companies totalling £42.6m. The facilities had a review date of 31/01/2023 and there have been no subsequent changes to the terms.

10. Trade and other payables

	2022 £000	(*Restated) 2021 £000
Amounts falling due within one year		
Trade payables	8	7
VAT	-	2
Corporation tax	139	79
Lease liability	78	96
Accruals and deferred income	26	24
	251	208

*The prior year corporation tax balance has been restated as described in the Principal Accounting Policies on page 11.

11. Lease liabilities

The Company is lessee for a number of property leases which will run until 2033.

The average lease term is 25 years. There are no variable terms to any of the leases. The maturity profile for the lease liabilities at 31 December 2022 are set out below:

	Leasehold Property 2022 £000	Leasehold Property 2021 £000
Within one year	95	144
Within two to five years	379	500
After more than five years	512	622
Total undiscounted cash flows	986	1,266
Deduct impact of discounting	(215)	(282)
31 December	771	984

	Leasehold Property 2022 £000	Leasehold Property 2021 £000
As at 1 January	984	1,055
Terminations	(150)	-
Repayments	(109)	(123)
Interest expenses	46	52
As at 31 December	771	984

The weighted average incremental borrowing rate applied to lease liabilities recognised on balance sheet at the date of initial application was 5.40%.

COMMUNITY SOLUTIONS PARTNERSHIP SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

12. Deferred tax asset

	2022 £000	(*Restated) 2021 £000
Balance at 1 January	94	82
Profit and loss charge (note 5)	-	12
Balance at 31 December	94	94

*The prior year deferred tax asset balance has been restated as described in the Principal Accounting Policies on page 11.

13. Share capital

	2022 £000	2021 £000
Allotted, called up and fully paid		
1 'A' Ordinary shares of £0.50	-	-
1 'B' Ordinary shares of £0.50	-	-
2 Ordinary shares of £0.50	-	-

'A' and 'B' shares constitute different classes of shares but confer the same rights upon the holders thereof and rank pari passu in all respects.

14. Related party transactions

In the ordinary course of business, the Company has traded with its ultimate parent company Morgan Sindall Group plc together with its subsidiaries. Advantage has been taken of the exemption permitted by FRS 101 not to disclose transactions with entities that are wholly owned by the Group. Balances outstanding with these entities at year end and the previous year end are disclosed in note 7 of these financial statements.

In the ordinary course of business, the Company has traded with its associated companies, all of whom are companies registered in England and Wales.

Company	***Nature of Relationship	Nature of transaction	Transaction amount 2022 £000	Transaction amount 2021 £000	Balance at 31 December 2022 £000	Balance at 31 December 2021 £000
Hub West Scotland Limited	1	Management Services fees	-	-	6	6
Chalkdene Developments LLP	1	Recharges	-	1	-	-
The Oxleas Property Partnership LLP	1	Company Secretary fees/Recharges	5	20	-	1
The Oxleas Property Partnership LLP	1	Recharges	(1)	-	-	-

COMMUNITY SOLUTIONS PARTNERSHIP SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

14. Related party transactions (continued)

Company	***Nature of Relationship	Nature of transaction	Transaction amount 2022 £000	Transaction amount 2021 £000	Balance at 31 December 2022 £000	Balance at 31 December 2021 £000
Wellspring Management Services Limited	1	Management Services fees	-	16	-	-
Wellspring Management Services Limited	1	Deferred consideration	163**	-	-	-
Health Innovation Partners (Torbay & South Devon) Limited*	2	Project development fees	-	(3)	-	-
Total			167	34	6	7

* This company was sold by Health Innovation Partners Limited on 23rd March 2021.

** A deferred consideration balance was fully provided against in the prior year, £163,000 was received during the year and the provision released against this amount in the current year.

***Nature of relationship

- 1 Joint venture of another company within the group
- 2 Previous joint venture of another company within the group

15. Subsequent events

On 11 August 2020, the Company resolved that an interim distribution of £900,000 be paid to Morgan Sindall Investments Limited as the sole shareholder of the Company. In preparing the 2021 financial statements, it came to light (on the basis of information available after the 11 August 2020 interim distribution was declared and paid) that there was an historic accounting error relating to IFRS-16 'Leases' (see principal accounting policies section). After reflecting the correction of the error described above, there was a deficit in the Company's distributable reserves of £60,482 when the 11 August 2020 interim distribution was declared and paid. Therefore, a portion (equal to the amount of the deficit) of the 11 August 2020 interim distribution was unlawful. On 19th April 2023, in order to rectify this, the Company increased its cash and distributable reserves through a capital injection by Morgan Sindall Investments Limited, which subscribed one ordinary share of £0.50 for an aggregate subscription price of £200,000. The capital increase was followed by a capital reduction by the Company of the same amount. Following the increase in the Company's distributable reserves, an amount equal to the value of the deficit amount was appropriated and applied to the payment of the unlawful portion of the 11 August 2020 interim distribution.

There were no other subsequent events that affected the financial statements of the Company to the date of signing.