

Company registration number 04738635 (England and Wales)

SERVICES SUPPORT (AVON & SOMERSET) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022



SERVICES SUPPORT (AVON & SOMERSET) LIMITED

COMPANY INFORMATION

Directors	T Ryan	
	JS Gordon	
	CT Solley	
	K Cunningham	(Appointed 25 May 2023)
	G Connelly	(Appointed 27 June 2023)
Secretary	Resolis Limited	
Company number	04738635	
Registered office	1 Park Row	
	Leeds	
	United Kingdom	
	LS1 5AB	
Auditor	Johnston Carmichael LLP	
	Bishop's Court	
	29 Albyn Place	
	Aberdeen	
	AB10 1YL	

SERVICES SUPPORT (AVON & SOMERSET) LIMITED

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SERVICES SUPPORT (AVON & SOMERSET) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their annual report and financial statements for the year ended 31 December 2022.

Principal activities

The principal activity of the Company is to design, build, finance and operate new courts and offices in Bristol and Worle in accordance with an agreement with the Lord Chancellor on behalf of Her Majesty's Court Service.

Financial close was achieved on 23 August 2004. The concession period is until 18 March 2034. The completion certificate for the initial construction works was received on 28 September 2007.

There have not been any significant changes in the Company's principal activities in the year under review. The Directors are not aware, at the date of this report, of any major changes in the Company's activities in the next year.

In September 2007, the Company completed construction on Bristol Courts, the final phase. Full unitary revenue has been received from Her Majesty's Court Service in monthly instalments since the site became fully operational, with only minor performance deductions suffered during the year.

Results and dividends

The profit for the year after taxation amount to £510,000 (2021: £453,000). The Company paid an interim dividend of £nil during the year (2021: £nil). The Directors do not recommend a final dividend to be paid (2021: £nil).

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

LJ Falero	(Resigned 31 October 2022)
T Ryan	
JS Gordon	
CT Solley	
R Burge	(Resigned 25 May 2023)
K Cunningham	(Appointed 25 May 2023)
N Kaznacheieva	(Appointed 31 October 2022 and resigned 27 June 2023)
G Connelly	(Appointed 27 June 2023)

Qualifying third party indemnity provision

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Financial instruments

The Company is exposed to fair value interest rate risk on its fixed rate borrowings and cash flow interest rate risk on floating rate deposits, bank overdrafts and loans. The company uses interest rate derivatives to manage the mix of fixed and variable rate debt so as to reduce its exposure to changes in interest rates.

The Company holds or issues financial instruments for the purpose of financing its construction activity. In addition, various financial instruments - for example, trade debtors, trade creditors, accruals and prepayments - arise directly from the Company's operations.

The main risks arising from the Company's financial instruments are interest rate risk and liquidity risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

Liquidity Risk

The latest financial forecasts show that unitary payment receivable under the PFI contract will be sufficient to repay all senior loan payments as they fall due.

SERVICES SUPPORT (AVON & SOMERSET) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

The Company hedged its interest rate risk at the inception of the project by swapping its variable rate debt into a fixed rate by the use of an interest rate swap.

The Company places excess funds on fixed term deposit until required to service its debt.

Credit Risk

The Company receives the majority of its income from and is not exposed to significant credit risk.

Cash investments and the interest rate swap arrangements are with institutions of a suitable credit quality.

Inflation Risk

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

Auditor

The auditor, Johnston Carmichael LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Going Concern

The directors note the company's net assets of £3,079,000 (2021: net liabilities £3,049,000). The movement from net liabilities to net assets is largely due to the positive movement of £7,490,000 in value of the SWAP liability from £9,660,000 in 2021 to £2,170,000 in 2022 due to the increase in interest rates.

In assessing the going concern status of the company the directors have reviewed the company's projected cash flows by reference to a financial model covering accounting periods up to March 2034. The financial model has been prepared on the basis of a detailed analysis of the company's finances and contracts.

Having examined the current status of the Company's principal contracts and likely developments in the foreseeable future, the directors consider that the company will be able to settle its liabilities as they fall due and accordingly the financial statements have been prepared on a going concern basis. More information is provided in the notes to the financial statements.

SERVICES SUPPORT (AVON & SOMERSET) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

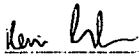
Key performance indicators

The key performance indicators for the Company are in line with the financial model and in compliance with banking covenants. As at 31 December 2022 the Company's financial performance and financial position was in line with anticipated by the financial model and the Company was not in breach of any banking covenants imposed by the lenders.

Small companies exemption

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board



.....
K Cunningham
Director

30-08-23
Date:

SERVICES SUPPORT (AVON & SOMERSET) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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;
- 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

SERVICES SUPPORT (AVON & SOMERSET) LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBER OF SERVICES SUPPORT (AVON & SOMERSET) LIMITED

Opinion

We have audited the financial statements of Services Support (Avon & Somerset) 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 notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the 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 *Auditors' 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

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

We have nothing to report in this regard.

Other information

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

SERVICES SUPPORT (AVON & SOMERSET) LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBER OF SERVICES SUPPORT (AVON & SOMERSET) LIMITED

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; or
- The directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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.

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 is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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 material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

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

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

SERVICES SUPPORT (AVON & SOMERSET) LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBER OF SERVICES SUPPORT (AVON & SOMERSET) LIMITED

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

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

- UK Generally Accepted Accounting Practice, including FRS 102
- Companies Act 2006
- UK Corporation Tax legislation
- VAT legislation

We gained an understanding of how the company is complying with these laws and regulations by making enquiries of management and those charged with governance. We corroborated these enquiries through our review of relevant correspondence with regulatory bodies and board meeting minutes.

We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur, by meeting with management and those charged with governance to understand where it was considered there was susceptibility to fraud. This evaluation also considered how management and those charged with governance were remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how management and those charged with governance oversee the implementation and operation of controls. We have a heightened fraud risk in relation to:

- Management override of controls
- Revenue recognition

In addition to the above, the following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

- Reviewing minutes of meetings of those charged with governance for reference to: breaches of laws and regulation or for any indication of any potential litigation and claims; and events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud;
- Reviewing the level of and reasoning behind the company's procurement of legal and professional services;
- Performing audit work procedures over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing judgements made by management in their calculation of accounting estimates for potential management bias;
- Completion of appropriate checklists and use of our experience to assess the company's compliance with the Companies Act 2006; and
- Agreement of the financial statement disclosures to supporting documentation.

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

SERVICES SUPPORT (AVON & SOMERSET) LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBER OF SERVICES SUPPORT (AVON & SOMERSET) LIMITED

Use of our report

This report is made solely to the company's member 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 member those matters we are required to state to the member in an auditors' 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 member for our audit work, for this report, or for the opinions we have formed.

Johnston Carmichael LLP

Jenny Junnier
Senior Statutory Auditor
For and on behalf of Johnston Carmichael LLP

31 / 08 / 2023
Date:

Chartered Accountants
Statutory Auditor

Bishop's Court
29 Albyn Place
Aberdeen
AB10 1YL

SERVICES SUPPORT (AVON & SOMERSET) LIMITED**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Notes	2022 £'000	2021 £'000
Turnover	3.	4,039	3,773
Cost of sales		(2,804)	(2,631)
Gross profit		1,235	1,142
Administrative expenses		(312)	(340)
Operating profit		923	802
Interest receivable and similar income	6	3,186	3,331
Interest payable and similar expenses	7	(3,480)	(3,574)
Profit before taxation		629	559
Tax on profit	8	(119)	(106)
Profit for the financial year		510	453
Other comprehensive income			
Cash flow hedges gain arising in the year		7,490	5,015
Tax relating to other comprehensive income		(1,872)	(373)
Total comprehensive income for the year		6,128	5,095

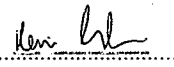
The profit and loss account has been prepared on the basis that all operations are continuing operations.

SERVICES SUPPORT (AVON & SOMERSET) LIMITED**BALANCE SHEET****AS AT 31 DECEMBER 2022**

	Notes	2022 £'000	2021 £'000
Current assets			
Debtors falling due after more than one year	9	42,604	46,875
Debtors falling due within one year	9	2,996	3,232
Cash at bank and in hand		5,375	5,101
		<u>50,975</u>	<u>55,208</u>
Creditors: amounts falling due within one year	11	(5,284)	(5,459)
Net current assets		45,691	49,749
Creditors: amounts falling due after more than one year	12	(42,412)	(52,236)
Provisions for liabilities	14	(200)	(562)
Net assets/(liabilities)		<u>3,079</u>	<u>(3,049)</u>
Capital and reserves			
Called up share capital	16	50	50
Hedging reserve	17	(1,625)	(7,243)
Profit and loss reserves	18	4,654	4,144
Total equity		<u>3,079</u>	<u>(3,049)</u>

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

The financial statements were approved by the board of directors and authorised for issue on 30-08-23 and are signed on its behalf by:


 K Cunningham
 Director

Company Registration No. 04738635

SERVICES SUPPORT (AVON & SOMERSET) LIMITED**STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 DECEMBER 2022**

	Share capital £'000	Hedging reserve £'000	Profit and loss reserves £'000	Total £'000
Balance at 1 January 2021	50	(11,885)	3,691	(8,144)
Year ended 31 December 2021:				
Profit for the year	-	-	453	453
Other comprehensive income:				
Cash flow hedges gains	-	5,015	-	5,015
Tax relating to other comprehensive income	-	(373)	-	(373)
Total comprehensive income for the year	-	4,642	453	5,095
Balance at 31 December 2021	50	(7,243)	4,144	(3,049)
Year ended 31 December 2022:				
Profit for the year	-	-	510	510
Other comprehensive income:				
Cash flow hedges gains	-	7,490	-	7,490
Tax relating to other comprehensive income	-	(1,872)	-	(1,872)
Total comprehensive income for the year	-	5,618	510	6,128
Balance at 31 December 2022	50	(1,625)	4,654	3,079

SERVICES SUPPORT (AVON & SOMERSET) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

Company information

Services Support (Avon & Somerset) Limited is a private company limited by shares incorporated in England and Wales. The registered office is 1 Park Row, Leeds, United Kingdom, LS1 5AB.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention, [modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value]. The principal accounting policies adopted are set out below.

1.2 Going concern

The directors note the company's net assets of £3,079,000 (2021: net liabilities £3,049,000). The movement from net liabilities to net assets is largely due to the positive movement of £7,490,000 in value of the SWAP liability from £9,660,000 in 2021 to £2,170,000 in 2022 due to the increase in interest rates.

In assessing the going concern status of the company the directors have reviewed the company's projected cash flows by reference to a financial model covering accounting periods up to March 2034. The financial model has been prepared on the basis of a detailed analysis of the company's finances and contracts.

Having examined the current status of the Company's principal contracts and likely developments in the foreseeable future, the directors consider that the company will be able to settle its liabilities as they fall due and accordingly the financial statements have been prepared on a going concern basis. More information is provided in the notes to the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

SERVICES SUPPORT (AVON & SOMERSET) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.4 Cash and cash equivalents

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

The Company is obligated to keep a separate cash reserves in respect of future maintenance costs, a lifecycle reserve and change in law reserve. This restricted cash balance, which is shown at the reporting date within the "cash at bank and in hand" balance, amounts to £3,089,000 at the year end (2021: £2,822,000)

1.5 Financial instruments

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

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.6 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.7 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

SERVICES SUPPORT (AVON & SOMERSET) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.8 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.9 Lifecycle costs

Costs relating to lifecycle expenditure are expensed on actual spend on lifecycle costs, and an accrual is recognised for profiled lifecycle expenditure which was included as part of the financial close modelling.

SERVICES SUPPORT (AVON & SOMERSET) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

2 Judgements and key sources of estimation uncertainty

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

The preparation of financial statements in conformity with FRS102 section 1A small entities requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based upon historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

Certain critical accounting judgement in applying the Company's accounting policies are:

- Accounting for the service concession contract and finance debtors requires estimation of service margins, finance debtors interest rates and associated amortisation profile which is based on forecasted results of the PFI contract.

3 Turnover

The turnover and profit before tax arose entirely within the United Kingdom and through one principal activity.

	2022	2021
	£'000	£'000
Turnover analysed by class of business		
Service fee revenue	3,906	3,584
Pass through income	77	138
Variation income	56	51
	<u>4,039</u>	<u>3,773</u>

4 Employees

The average monthly number of persons (including directors) employed by the company during the year was Nil (2021: Nil).

5 Directors' remuneration

No directors received any remuneration for services to the Company during the year (2021: £nil).

Fees for directors services were paid to Aberdeen Infrastructure Limited £53,735 (2021: £49,316), Jura Acquisition Limited £53,735 (2021: £49,316) and DIF Infra Yield 1 UK Limited £22,188 (2021: £22,188)

The Company is managed by an external Management Service Provider that reports to the Directors.

SERVICES SUPPORT (AVON & SOMERSET) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

6	Interest receivable and similar income	2022	2021
		£'000	£'000
	Interest income		
	Interest on bank deposits	12	-
	Other interest income	3,174	3,331
	Total income	<u>3,186</u>	<u>3,331</u>
7	Interest payable and similar expenses	2022	2021
		£'000	£'000
	Interest on financial liabilities measured at amortised cost:		
	Interest on bank overdrafts and loans	659	418
	Interest payable to group undertakings	1,071	1,057
	Commitment fee on undrawn loan facility	29	23
		<u>1,759</u>	<u>1,498</u>
	Other finance costs:		
	Finance costs for financial instruments measured at fair value through profit or loss	1,703	2,057
	Amortised debt issue costs	18	19
		<u>3,480</u>	<u>3,574</u>
8	Taxation	2022	2021
		£'000	£'000
	Current tax		
	UK corporation tax on profits for the current period	<u>119</u>	<u>106</u>
	In addition to the amount charged to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:		
		2022	2021
		£'000	£'000
	Reclassifications from equity to profit or loss:		
	Relating to cash flow hedges	<u>1,872</u>	<u>373</u>

Corporation tax will remain at 19% until March 2023. From 2023 the main rate will increase to 25% for business profits made by the company over £250,000. A small profit rate will also be introduced for companies with profits of £50,000 or less so that they will continue to pay corporation tax at 19%. Companies with profits between £50,000 and £250,000 will pay tax at the main rate reduced by a marginal relief providing a gradual increase in the effective corporation tax rate. The company has assessed the impact of this change and consider that the full rate of 25% will apply. The deferred tax asset at 31 December 2021 has been calculated based on the rate of 25%.

SERVICES SUPPORT (AVON & SOMERSET) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

9 Debtors

	2022	2021
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	962	920
Finance Debtor - due within 1 year	1,997	2,263
Prepayments and accrued income	37	49
	<u>2,996</u>	<u>3,232</u>
Amounts falling due after more than one year:		
Finance Debtor - due after more than 1 year	42,062	44,460
Deferred tax asset (note 15)	542	2,415
	<u>42,604</u>	<u>46,875</u>

10 Financial instruments

	2022	2021
	£'000	£'000
Carrying amount of financial liabilities		
Measured at fair value through profit or loss		
- Derivative financial instruments	2,170	9,660

Financial instruments measured at fair value

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument the measurement date.

Hedge accounting

Derivative financial instruments designated as hedges of variable interest rate risk on an interest rate swap.

To hedge the potential movement in the interest cash flows associated with the SONIA rate used for the bank term loan, the Company has entered into fixed interest rate swap with a nominal value equal to the initial borrowings with the same term as the loans and interest payment dates. These results in the Company paying 5.37% per annum and receiving SONIA.

The derivatives are accounted for as a cash flow hedge in accordance with FRS 102 section 1A small entities and have the fair values. The cashflows arising from the interest rate swaps will continue until their maturity in 2032, coincidental with the repayment of the term loans. The change in fair value in the period was a decrease of £7,490,000 (2021: an increase of £5,015,000) with the entire change being recognised in other comprehensive income as the swaps are considered to be 100% effective.

SERVICES SUPPORT (AVON & SOMERSET) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022****11 Creditors: amounts falling due within one year**

		2022 £'000	2021 £'000
Bank loans	13	2,332	2,231
Trade creditors		402	460
Corporation tax		17	-
Other taxation and social security		312	410
Accruals and deferred income		2,221	2,358
		<u>5,284</u>	<u>5,459</u>

12 Creditors: amounts falling due after more than one year

	Notes	2022 £'000	2021 £'000
Bank loans and overdrafts	13	33,428	35,762
Other borrowings	13	6,814	6,814
Derivative financial instruments		2,170	9,660
		<u>42,412</u>	<u>52,236</u>

The secured senior loan represents amounts borrowed under the Facility Agreement with a syndicate of banks in order to finance the construction of the project.

The loan is secured by a fixed and floating charge over all the shares of the Services Support (Avon & Somerset) Limited.

The loan is repayable in instalments based on an agreed percentage amount of the total facility per annum until September 2032.

Interest on the facility is charged at rates linked to SONIA.

Amounts included above which fall due after five years are as follows:

Payable by instalments	21,824	25,180
Payable other than by instalments	6,814	6,814
	<u>28,638</u>	<u>31,994</u>

SERVICES SUPPORT (AVON & SOMERSET) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022****13 Loans and overdrafts**

	2022 £'000	2021 £'000
Bank loans	35,760	37,993
Loans from group undertakings and related parti	6,814	6,814
	<u>42,574</u>	<u>44,807</u>
Payable within one year	2,332	2,231
Payable after one year	<u>40,242</u>	<u>42,576</u>

The Company has a £59.2m facility provided by a syndicate of banks in order to finance the construction of the project. The loan is repayable in instalments based on an agreed percentage amount of the total facility per annum until September 2032.

The loan is secured and fixed by a floating charge over all the shares of the Services Support (Avon & Somerset) Limited. Interest on the facility is charged at rates linked to SONIA.

In addition to the senior loan facility the company also has access to a Debt Service Reserve facility of £2,750,000 and a Change of Law facility of £375,000. No funding has been drawn down from these facilities to date.

SERVICES SUPPORT (AVON & SOMERSET) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

14 Provisions for liabilities

2022	2021
£'000	£'000
200	562
<u>200</u>	<u>562</u>

A provision has been made in respect of fire stopping remedial works to the car park and other floors of the Bristol Magistrates Court. The provision is directors' best current estimate of the cost for the implied works. The process for a formal tender has started at the end of which the true costs will be known.

At 31 December 2021 the provision stood at £562,000 and during the year the directors, based on updated information on the cost of works, reduced the provision at 31 December 2022 to £200,000.

Movements on provisions:

	£'000
At 1 January 2022	562
Reversal of provision	(362)
	<u>200</u>
At 31 December 2022	<u>200</u>

15 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Assets 2022 £'000	Assets 2021 £'000
Balances:		
Revaluation of fair value of derivatives	<u>542</u>	<u>2,415</u>
Movements in the year:		2022 £'000
Asset at 1 January 2022		(2,415)
Charge to other comprehensive income		<u>1,873</u>
Asset at 31 December 2022		<u>(542)</u>

The deferred tax asset set out above relates to the interest rate derivative which will unwind over the term of the hedging arrangement.

Deferred tax asset is recognised on the revaluation of the SWAP derivatives on the interest rate SWAP held by the Company. These are accounted for under cash flow hedges.

Reversal of the deferred tax asset is shown through the cash flow hedge reserve.

SERVICES SUPPORT (AVON & SOMERSET) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

16 Called up share capital

	2022	2021	2022	2021
	Number	Number	£'000	£'000
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	50,000	50,000	50	50

17 Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred net of the deferred tax impact provided.

18 Profit and loss reserves

The profit and loss reserve contains the retained earnings carried forward.

19 Events after the reporting date

At the August 2023 board meeting it was confirmed that all works in relation to the fire stopping remedial works had now been completed. A decision on the release of the remaining provision of £200,000 will be made at the next board meeting in November 2023.

20 Related party transactions

As a wholly owned subsidiary of Services Support (Avon & Somerset) Holdings Limited, the Company has taken advantage of the exemption under Financial Reporting Standard 102 not to provide information on related party transactions with other undertakings within the Services Support (Avon & Somerset) Holdings Limited Group.

21 Parent company

As a wholly owned subsidiary of Services Support (Avon & Somerset) Holdings Limited.

The Company's ultimate and immediate parent company and controlling entity, and the largest and smallest group in which its results are consolidated is Service Support (Avon & Somerset) Holdings Limited, a company incorporated and registered in England and Wales. Copies of the parent company accounts are available from Companies House, Crown Way, Cardiff, CF14 3UZ.