

Company registration number 04925162 (England and Wales)

**LEICESTER LIFT PROJECT COMPANY (NO. 1) LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2023**



# LEICESTER LIFT PROJECT COMPANY (NO. 1) LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	A N Duck M W Grinonneau P J Harding S J Prema S P Tipping	(Appointed 1 February 2023) (Appointed 1 October 2022)
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<b>Secretary</b>	Mr Michael Duggan
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<b>Company number</b>	04925162
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<b>Registered office</b>	Unit G1 Ash Tree Court Nottingham Business Park Nottingham NG8 6PY
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<b>Auditor</b>	Goodman Jones LLP 29-30 Fitzroy Square Fitzrovia London W1T 6LQ
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# **LEICESTER LIFT PROJECT COMPANY (NO. 1) LIMITED**

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# LEICESTER LIFT PROJECT COMPANY (NO. 1) LIMITED

## DIRECTORS' REPORT

**FOR THE YEAR ENDED 31 MARCH 2023**

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The directors present their annual report and financial statements for the year ended 31 March 2023.

### Principal activities

The principal activity of the company is to design, build, finance and manage premises under the Government's LIFT initiative.

The company's principal tenant is Community Health Partnerships Limited. The directors are confident that the principal tenant will continue to meet the obligations set out under the lease agreements.

### Results and dividends

Ordinary dividends were paid amounting to £nil (2022: £nil). The directors do not recommend payment of a final dividend.

### Directors

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

A N Duck	
M W Grinonneau	(Appointed 1 February 2023)
P J Harding	(Appointed 1 October 2022)
S J Prema	
S P Tipping	
C S E Douglass	(Resigned 1 October 2022)
R K Balasingham	(Appointed 20 June 2022 and resigned 31 January 2023)

### Qualifying third party indemnity provisions

The directors of Leicester LIFT Project Company (No.1) Limited have qualifying third party indemnity provisions put in place through other companies of which they are also directors.

### Auditor

UHY Hacker Young resigned as auditors in the year. Goodman Jones LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

### Statement of directors' responsibilities

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.

# LEICESTER LIFT PROJECT COMPANY (NO. 1) LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 MARCH 2023**

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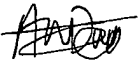
### Statement of disclosure to auditor

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.

### 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



.....  
A N Duck

**Director**

Date: ..... 27-10-23 .....

# LEICESTER LIFT PROJECT COMPANY (NO. 1) LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF LEICESTER LIFT PROJECT COMPANY (NO. 1) LIMITED

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#### Opinion

We have audited the financial statements of Leicester LIFT Project Company (No. 1) Limited (the 'company') for the year ended 31 March 2023 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 Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 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 at least twelve months from when the financial statements are authorised for issue.

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

#### Other information

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

We have nothing to report in this regard.

#### Opinions on other matters prescribed by the Companies Act 2006

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

# LEICESTER LIFT PROJECT COMPANY (NO. 1) LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF LEICESTER LIFT PROJECT COMPANY (NO. 1) LIMITED

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#### **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 from the requirement to prepare a strategic report.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, 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.

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.

Based on our understanding of the Company and industry, we identified that the principal risks of noncompliance with laws and regulations related to industry sector regulations and unethical and prohibited business practices, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and UK Tax Legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls).

Appropriate audit procedures in response to these risks were carried out. These procedures included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reading minutes of meetings of those charged with governance;
- Obtaining and reading correspondence from legal and regulatory bodies including HMRC;
- Identifying and testing journal entries;
- Challenging assumptions and judgements made by management in their significant accounting estimates.

# LEICESTER LIFT PROJECT COMPANY (NO. 1) LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF LEICESTER LIFT PROJECT COMPANY (NO. 1) LIMITED

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

There are inherent limitations in the audit procedures described above 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 would become aware of it. Also, 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.

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.

#### 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.

*Goodman Jones LLP*

**Paul Bailey**  
**Senior Statutory Auditor**  
**For and on behalf of Goodman Jones LLP**

Date: 27-10-23 .....

**Chartered Accountants**  
**Statutory Auditor**

29-30 Fitzroy Square  
Fitzrovia  
London  
W1T 6LQ



# LEICESTER LIFT PROJECT COMPANY (NO. 1) LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2023

		2023	2022
	Notes	£000	as restated £000
Turnover	3	2,230	2,357
Cost of sales		(1,487)	(1,287)
<b>Gross profit</b>		<b>743</b>	<b>1,070</b>
Administrative expenses		(263)	(511)
<b>Operating profit</b>		<b>480</b>	<b>559</b>
Interest receivable and similar income	7	2,543	2,516
Interest payable and similar expenses	8	(1,956)	(2,157)
<b>Profit before taxation</b>		<b>1,067</b>	<b>918</b>
Tax on profit	9	(125)	(912)
<b>Profit for the financial year</b>		<b>942</b>	<b>6</b>
<b>Other comprehensive income</b>			
Cash flow hedges gain/(loss) arising in the year		2,681	(1,608)
Tax relating to other comprehensive income		(670)	1,013
<b>Total comprehensive income for the year</b>		<b>2,953</b>	<b>(589)</b>

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

The notes on pages 9 to 22 form part of these financial statements.

# LEICESTER LIFT PROJECT COMPANY (NO. 1) LIMITED

## BALANCE SHEET

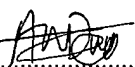
AS AT 31 MARCH 2023

		2023	2022
	Notes	£000	as restated £000
<b>Current assets</b>			
Debtors falling due after more than one year	11	36,118	38,070
Debtors falling due within one year	11	390	447
Cash at bank and in hand		4,646	3,219
		<u>41,154</u>	<u>41,736</u>
<b>Creditors: amounts falling due within one year</b>	12	(4,461)	(3,763)
<b>Net current assets</b>		36,693	37,973
<b>Creditors: amounts falling due after more than one year</b>	13	(35,554)	(40,003)
<b>Provisions for liabilities</b>	15	(216)	-
<b>Net assets/(liabilities)</b>		<u>923</u>	<u>(2,030)</u>
<b>Capital and reserves</b>			
Called up share capital	16	525	525
Hedging reserve		(6,834)	(8,845)
Profit and loss reserves		7,232	6,290
<b>Total equity</b>		<u>923</u>	<u>(2,030)</u>

The notes on pages 9 to 22 form part of these financial statements.

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 27-10-23 and are signed on its behalf by:



A N Duck  
Director

Company Registration No. 04925162

# LEICESTER LIFT PROJECT COMPANY (NO. 1) LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023

	Share capital	Hedging reserve	Profit and loss reserves	Total
	£000	£000	£000	£000
<b>Balance at 1 April 2021</b>	525	(8,250)	6,284	(1,441)
<b>Year ended 31 March 2022:</b>				
Profit for the year	-	-	6	6
Other comprehensive income:				
Cash flow hedges gains	-	(1,608)	-	(1,608)
Tax relating to other comprehensive income	-	1,013	-	1,013
Total comprehensive income for the year	-	(595)	6	(589)
<b>Balance at 31 March 2022</b>	525	(8,845)	6,290	(2,030)
<b>Year ended 31 March 2023:</b>				
Profit for the year	-	-	942	942
Other comprehensive income:				
Cash flow hedges gains	-	2,681	-	2,681
Tax relating to other comprehensive income	-	(670)	-	(670)
Total comprehensive income for the year	-	2,011	942	2,953
<b>Balance at 31 March 2023</b>	525	(6,834)	7,232	923

The notes on pages 9 to 22 form part of these financial statements.

# LEICESTER LIFT PROJECT COMPANY (NO. 1) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 MARCH 2023**

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### **1 Accounting policies**

#### **Company information**

Leicester LIFT Project Company (No. 1) Limited is a private company limited by shares incorporated in England and Wales. The registered office is Unit G1, Ash Tree Court, Nottingham Business Park, Nottingham, NG8 6PY.

#### **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 certain financial instruments at fair value. The principal accounting policies adopted are set out below.

#### **1.2 Going concern**

The company has net asset of £923k (2022: net liabilities of £2,030k) which includes the negative fair value of the interest rate swaps of £1,401k (2022: £4,882k) and RPI swap of £7,712k (2022: £6,911k) within liabilities, and net current assets of £36,693 (2022: £37,973k), including cash of £4,646k (2022: £3,219k) at 31 March 2023.

The directors have considered the available funding facilities, cash flow forecasts and financial projections included in the forecasts prepared semi-annually for the lenders and their analysis is based on those forecasts. In addition, the company has in place SWAP arrangements with the funders that protect against Retail Price Index and interest rate fluctuations. After considering these matters and in the light of the recent forecasts of the company, the directors consider it appropriate to continue to adopt the going concern basis in preparing the financial statements.

On this basis, the directors anticipate that the company will continue to be able to meet its business obligations as they fall due over the coming twelve months. the directors therefore consider it appropriate to continue to prepare the financial statements on a going concern basis.

# LEICESTER LIFT PROJECT COMPANY (NO. 1) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 1 Accounting policies

(Continued)

#### 1.3 Turnover

##### a. Public to private concession arrangements

A substantial portion of the company's assets are used within the framework of concession contracts granted by public sector customers ('grantors'). Under these contracts, the company constructs primary care centres that are leased to the NHS on a 25 year lease.

To fall within the scope of section 34 of FRS 102, a contract must satisfy the following two criteria:

- the grantor controls or regulates what services the operator must provide using the infrastructure, to whom, and at what price; and
- the grantor controls, through ownership, beneficial entitlement or otherwise, any significant residual interest in the infrastructure at the end of the term of the arrangement.

Pursuant to section 34 of FRS 102, such infrastructure is not recognised in assets of the operator as property, plant and equipment but as financial assets ('financial asset model').

##### b. Financial asset model

The financial asset model applies when the operator has an unconditional right to receive cash or another financial asset from the grantor.

In the case of concession services, the operator has such an unconditional right if the grantor contractually guarantees the payment of:

- Amounts specified or determined in the contract or
- The shortfall, if any, between amounts received from users of the public service and amounts specified or determined in the contract.

Financial assets resulting from the application of section 34 of FRS 102 are recorded at the reporting date under the heading financial assets and measured at amortised cost.

Pursuant to section 23 of FRS 102, revenue associated with this financial model comprises of service remuneration which relates to lifecycle maintenance and facilities income and ad hoc property related services income.

#### 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.

#### 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.

# LEICESTER LIFT PROJECT COMPANY (NO. 1) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

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### 1 Accounting policies

(Continued)

#### **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.

#### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair value cannot be measured reliably are measured at cost less impairment.

#### **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 become legally payable. There is no requirement to pay dividends unless approved by the shareholders by way of written resolution where there is sufficient cash to meet current liabilities, and without detriment to senior debt covenants, if applicable.

### 1.7 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

# LEICESTER LIFT PROJECT COMPANY (NO. 1) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 1 Accounting policies

(Continued)

#### 1.8 Hedge accounting

The company designates certain hedging instruments, including derivatives, embedded derivatives and non-derivatives, as either fair value hedges or cash flow hedges. At the inception of the hedge relationship, the company documents the relationship between the hedging instrument and the hedged item along with risk management objectives and strategy for undertaking various hedge transactions. At the inception of the hedge and on an ongoing basis, the company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

For derivatives that are designated and qualify as cash flow hedges, the effective portion of changes in the fair value of the hedge is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Any gain or loss previously recognised in other comprehensive income is reclassified to profit or loss when the hedge relationship ends. This occurs when the hedging instrument expires or no longer meets the hedging criteria, the forecast transaction is no longer highly probable, the hedged debt instrument is derecognised, or the hedging instrument is terminated.

#### 1.9 Taxation

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

##### **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.

#### 1.10 Finance Costs

Finance costs that were accrued during construction of the fixed assets were expensed as they were incurred.

#### 1.11 Loan Arrangement Fees

Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument. The capitalised fees are then released to the statement of comprehensive income on a straight line basis over the term of the loan.

# LEICESTER LIFT PROJECT COMPANY (NO. 1) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 MARCH 2023**

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### **2 Judgements and key sources of estimation uncertainty**

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### **Critical judgements**

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

#### **Concession arrangements**

The concession arrangements undertaken by the company are considered to fall within the scope of section 34 of FRS 102 "Service Concession Arrangements", as described in the turnover note. This judgement has been based on a consideration of the nature and terms of the agreements and, in all contracts, the existence of an option for the grantor to purchase the properties at the end of the contract.



# LEICESTER LIFT PROJECT COMPANY (NO. 1) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 2 Judgements and key sources of estimation uncertainty

(Continued)

#### Key sources of estimation uncertainty

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

#### Financial asset

The calculation of the amortised cost of the financial asset requires an estimate of the residual value of the property at the end of the lease term. This estimate has been based on the residual value allocated to the contract in the financial models, which form the basis for the calculation of rent charged to the lessees.

#### Financial asset interest rate

The financial asset interest income is based on the WACC of the project and is applied to the carrying value of the financial asset on a quarterly basis. The interest rate used in 2022 is 6.74% (2022: 6.74%) per annum.

#### Service margin

After the property is constructed, the company provides property management services. The remuneration for these services is recognised at cost plus an estimated mark up for profit on property management services. The service margin rate used in 2023 is 43.45% (2022: 44.98%) per annum. It is the policy of the directors that the service margin is reviewed twice per year on 1 April and 1 October to generate a new service margin rate, which is to be applied in the proceeding financial period.

#### SWAP Valuations

Fair value of swap liabilities (Note 10) - Derivatives are professionally valued annually. The estimated value of derivative transactions is the valuation at the reporting date and this valuation can change significantly even over a very short space of time. The valuation of derivative transactions is complex and such transactions can be calculated in a number of different ways and using a variety of methods. There are a number of factors that can affect the value of a transaction and which may not be taken into account in the valuation estimate provided. This may result in the transaction having an actual value which is higher or lower than the estimate included in these financial statements.

Interest rate swaps are valued by a third party using a pricing model. The values were calculated at the mid-point of the relevant yield curve and do not reflect (i) any bid / offer spread customary for these transactions, and (ii) other factors which may affect value, including, without limitation or portfolio configuration, credit policies and prevailing market factors as well as general business consideration. A small 0.25% shift in the interest rate forward curve is likely to shift the valuation by £801k in relation to the interest rate swap valuations provided by the bank and subsequently disclosed in the financial statements and note 10. The interest rate linked swap is a structured product and valuations of this type of product can differ significantly between different valuers (market-makers / banks and third party valuation firms) due to variations in the subjective market data inputs.

### 3 Turnover and other revenue

	2023	2022
		As restated
	£000	£000
<b>Turnover analysed by class of business</b>		
Cost recoveries	575	295
Service margin	1,539	1,882
Rental income (third party)	97	141
Other income	19	39
	<u>2,230</u>	<u>2,357</u>

# LEICESTER LIFT PROJECT COMPANY (NO. 1) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 3 Turnover and other revenue

(Continued)

	2023 £000	2022 £000
Other revenue		
Interest income	2,543	2,516

### 4 Auditor's remuneration

The audit fee for the company has been borne by the parent company.

### 5 Employees

The average monthly number of persons (**not** including directors) employed by the company during the year was:

	2023 Number	2022 Number
Total	-	-

### 6 Directors' remuneration

The directors did not receive any remuneration from the company for their services to the company during the year or the previous year. The directors are remunerated by the shareholding companies for their services to the group as a whole. It is not practicable to apportion their remuneration for their services to the company.

### 7 Interest receivable and similar income

	2023 £000	2022 £000
Interest income		
Interest on bank deposits	91	2
Other interest income	2,452	2,514
Total income	2,543	2,516

# LEICESTER LIFT PROJECT COMPANY (NO. 1) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 8 Interest payable and similar expenses

	2023	2022
	£000	£000
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	1,488	1,603
Interest payable to group undertakings	468	554
	<u>1,956</u>	<u>2,157</u>

### 9 Taxation

	2023	2022
	£000	As restated £000
<b>Current tax</b>		
UK corporation tax on profits for the current period	457	89
	<u>457</u>	<u>89</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(94)	818
Adjustment in respect of prior periods	(238)	5
	<u>(332)</u>	<u>823</u>
Total deferred tax	(332)	823
	<u>(332)</u>	<u>823</u>
Total tax charge	<u>125</u>	<u>912</u>

# LEICESTER LIFT PROJECT COMPANY (NO. 1) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 9 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2023 £000	2022 As restated £000
Profit before taxation	1,067	918
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2022: 19.00%)	203	174
Tax effect of expenses that are not deductible in determining taxable profit	372	181
Tax effect of income not taxable in determining taxable profit	(17)	(15)
Tax effect of utilisation of tax losses not previously recognised	(354)	-
Adjustments in respect of prior years	(239)	-
Effect of change in corporation tax rate	-	(40)
Permanent capital allowances in excess of depreciation	(20)	-
Amortisation on assets not qualifying for tax allowances	302	-
Adjustments in respect of financial assets	-	612
Other non-reversing timing differences	(93)	-
Deferred tax adjustments in respect of prior years	(14)	-
Capitalized revenue expenditure	(15)	-
Taxation charge for the year	125	912

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:

	2023 £000	2022 As restated £000
Deferred tax arising on:		
Revaluation of financial instruments treated as cash flow hedges	670	(1,013)

### 10 Financial instruments

	2023 £000	2022 £000
<b>Carrying amount of financial liabilities</b>		
Measured at fair value through profit or loss		
- Other financial liabilities	9,113	11,793

# LEICESTER LIFT PROJECT COMPANY (NO. 1) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 10 Financial instruments

(Continued)

Financial assets measured at amortised cost comprise financial asset, cash at bank and in hand, trade debtors, amounts owed by related parties and group undertakings, other debtors and accrued income. Financial liabilities measured at amortised cost comprise bank loans and overdrafts, trade creditors, amounts owed to related parties, other creditors and accruals.

Derivative financial instruments designated as hedges of variable interest rate risk comprise interest rate swaps and RPI swaps. The fair values of the interest rate swaps have been determined by reference to prices available from the markets on which the instruments involved are traded.

In 2009, the company borrowed funds from its bankers under two term loans of £30,841,000 and £4,916,000, repayable 31 March 2033 and 31 March 2034, respectively.

To hedge the potential volatility in future interest cash flows arising from movements in SONIA, the company has entered into fixed interest rate swaps with a nominal value equal to the initial borrowings, the same term as the loans and interest re-pricing dates identical to those of the variable rate loans. These result in the company paying 5.391 %, 5.377%, 4.871 %, 5.278%, 4.714%, 4.822%, 4.695%, 4.793%, 4.573%, 4.768% and 4.597% per annum and receiving SONIA (though cash flows are settled on a net basis) and effectively fixing the total interest cost on loans.

The derivatives are accounted for as a hedge of variable rate interest rate risks, in accordance with FRS 102 and had a negative fair value of £1,401k (2022: £4,882k) as at the year-end date. The cash flows arising from the interest rate swaps will continue until their maturity in 2034, coincidental with the repayment of the term loans. The change in fair value in the period was an increase of £3,481k (2022: decrease of 3,001k), with the entire charge being recognised in other comprehensive income as the swaps were 100% effective hedges.

In 2009, the company entered into five LPA agreements having fixed contractual terms which caused their revenue to increase with RPI on a yearly basis.

To hedge the potential volatility in future revenue cash flows arising from movements in RPI, the company has entered into RPI swaps with a nominal value below that of the LPA contract but having the same term as the LPA contract and RPI re-pricing dates identical to those of the LPA contract. These result in the company paying 2.77%, 2.70%, 2.93% and 2.85% per annum and receiving actual RPI and effectively fixing the inflation on a determined portion of the LPA contract.

The derivatives are accounted for as a hedge of variable rate RPI rate risks, in accordance with FRS 102 and had a negative fair value of £7,712k (2022: £6,911k) at the year-end date. The cash flows arising from the RPI swaps will continue until their maturity in 2034, coincidental with the LPA contractual terms. The change in fair value in the period was an decrease of £800k (2022: increase of £4,708k), with the entire charge being recognised in other comprehensive income as the swaps were 100% effective hedges.

During the financial year, the company signed agreements with the Lender and SWAP provider to transition the floating interest rates from LIBOR to SONIA. The SONIA rate will be determined five business days before the end of each six month calculation period, the transition commenced on 1st April 2022.

# LEICESTER LIFT PROJECT COMPANY (NO. 1) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 11 Debtors

	2023	2022
	£000	£000
<b>Amounts falling due within one year:</b>		
Trade debtors	234	282
Amounts owed by group undertakings	106	106
Prepayments and accrued income	50	59
	<u>390</u>	<u>447</u>
<b>Amounts falling due after more than one year:</b>	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Financial asset	36,118	37,710
Deferred tax asset (note 15)	-	360
	<u>36,118</u>	<u>38,070</u>
<b>Total debtors</b>	<b>36,508</b>	<b>38,517</b>

### 12 Creditors: amounts falling due within one year

	2023	2022
	£000	As restated £000
Bank loans	1,327	1,351
Other borrowings	428	-
Trade creditors	99	102
Amounts owed to group undertakings	109	34
Corporation tax	297	90
Other taxation and social security	252	235
Accruals and deferred income	1,949	1,951
	<u>4,461</u>	<u>3,763</u>

### 13 Creditors: amounts falling due after more than one year

	Notes	2023	2022
		£000	As restated £000
Bank loans and overdrafts	14	21,715	23,039
Other borrowings	14	4,548	4,974
Derivative financial instruments		9,113	11,793
Accruals and deferred income		178	197
		<u>35,554</u>	<u>40,003</u>

# LEICESTER LIFT PROJECT COMPANY (NO. 1) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

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### 13 Creditors: amounts falling due after more than one year (Continued)

	2023	2022
	£000	As restated £000
Amounts included above which fall due after five years are as follows:		
Payable by instalments	13,839	17,078

### 14 Loans and overdrafts

	2023	2022
	£000	£000
Bank loans	23,042	24,390
Loans from group undertakings and related parties	4,976	4,974
	<u>28,018</u>	<u>29,364</u>
Payable within one year	1,755	1,351
Payable after one year	<u>26,263</u>	<u>28,013</u>

Bank borrowings relate to a Senior Debt Facility granted by Bank of Scotland.

The amounts drawn under the Senior Debt Facility are repayable on an agreed repayment profile of six-monthly instalments that commenced on 31 March 2009 and are due to end on 31 March 2034, with a final instalment of £1,300,000.

Interest charges on amounts borrowed are based on floating LIBOR. The company has entered into an interest rate swap agreement whereby it pays a fixed rate of 5.391%, 5.377%, 4.871 %, 5.278%, 4.714%, 4.822%, 4.695%, 4.793%, 4.573%, 4.768% and 4.597% per annum in respect of amounts drawn under the senior debt facility. The swap expires on 31 March 2034.

The Senior Debt Facility is secured by fixed and floating charges on the assets of the company.

In addition, the company has entered into RPI swap agreements of 2.70%, 2.77%, 2.93% and 2.85% to mitigate its risk in respect of inflation linked income.

Issue costs of debt have been offset against the loans and will be amortised over the duration of the facilities.

# LEICESTER LIFT PROJECT COMPANY (NO. 1) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 15 Deferred taxation

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

	Liabilities 2023 £000	Liabilities 2022 £000	Assets 2023 £000	Assets 2022 £000
<b>Balances:</b>				
Fixed asset timing differences	2,494	2,588	-	-
Uk property business losses	-	-	2,278	2,948
	<u>2,494</u>	<u>2,588</u>	<u>2,278</u>	<u>2,948</u>

<b>Movements in the year:</b>	<b>2023 £000</b>
Asset at 1 April 2022	(360)
Credit to profit or loss	(94)
Charge to other comprehensive income	670
Liability at 31 March 2023	<u>216</u>

The deferred tax liability set out above is expected to unwind over the SWAP term as it relates to fair value movements on this instrument.

### 16 Called up share capital

	2023 Number	2022 Number	2023 £000	2022 £000
<b>Ordinary share capital Issued and fully paid</b>				
Ordinary shares of £1 each	<u>525,001</u>	<u>525,001</u>	<u>525</u>	<u>525</u>

### 17 Prior year adjustment

Four prior year adjustments have been provided. The first in relation to the Turnover note. The income from lease premium amortisation had be included in Cost Recoveries in error, and is now shown as Other Income. This has had no impact on the reported results or net liability position.

The second is in relation to Creditors, the split of accruals and deferred income within 1 year and after 1 year has been amended in the prior year to correct the split of the rental premium unwinding over the lease term. This has had no impact on the reported results or net liability position.

The third is also in relation to Creditors, the split of intercompany creditors from trade creditors. This has had no impact on the reported results or net liability position.

The fourth is in relation to the Hedging reserve and the Tax relating to other comprehensive income, which have been updated to correctly reflect the movements in the prior year. This has received reduced Profit in the financial year by £611k to £6k but has had no impact on the net asset position.



# LEICESTER LIFT PROJECT COMPANY (NO. 1) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 MARCH 2023**

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### **18 Related party transactions**

#### **Transactions with related parties**

The company has taken advantage of the exemption provided in FRS 102 not to disclose transactions with companies within the group of which it is a member, where these transactions occur between entities which are 100% owned members of that group.

The following companies, together with undertakings within their individual groups of companies, are considered to be related parties to the company during the year:

- Community Health Partnerships Limited (CHP)
- Primary Plus Holdings Limited

Services provided during the year to Community Health Partnerships Limited amounted to £5,591k (2022: £5,130k).

Interest charged during the year amounted to £187k (2022: £222k) and £281k (2022: £332k), payable to Community Health Partnerships Limited and Primary Plus Holdings Limited respectively.

At the balance sheet date, £119k was due from Community Health Partnerships with regards to services provided and £2,662k due to Community Health Partnerships for debt repayments plus interest (2022: £2,558k). An amount of £3,951k (2022: £3,837k) was due to Primary Plus Holdings Limited.

### **19 Parent Company and Ultimate Controlling Party**

The company is a wholly owned subsidiary of Leicester LIFT Midco (No.1) Limited, which is in turn a wholly owned subsidiary of Leicester LIFT Company Limited. Both companies are registered in England and Wales.

As at 31 March 2023, Leicester LIFT Company Limited was owned by Primary Plus Holdings Limited (60%) and Community Health Partnerships Limited (40%), which are both registered in England and Wales.

The directors are of the opinion that there is no ultimate parent undertaking or controlling party by virtue of the company's joint ownership and control.