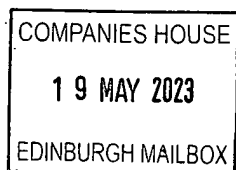
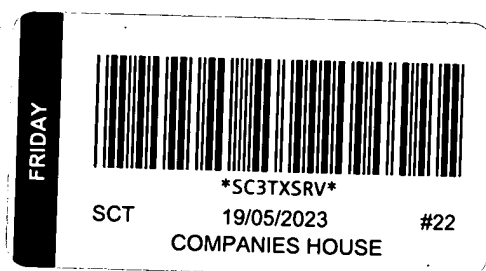


COMPANY REGISTRATION NUMBER: 04934390



**NNT Lift Company (Fundco 1) Limited**  
**Annual Report and Financial Statements**  
**31 March 2022**



# **NNT Lift Company (Fundco 1) Limited**

## **Annual Report and Financial Statements**

**Year Ended 31 March 2022**

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## **NNT Lift Company (Fundco 1) Limited**

### **Officers and Professional Advisers**

#### **The Board of Directors**

M Percy  
I Betham  
J Gordon  
M Thurston  
N Arif  
P Johnstone

#### **Company Secretary**

Resolis Limited

#### **Registered Office**

Watling House  
5<sup>th</sup> Floor  
33 Cannon Street  
London  
EC4M 5SB

#### **Independent Auditors**

Johnston Carmichael LLP  
Chartered Accountants & Statutory Auditors  
7-11 Melville Street  
Edinburgh  
EH3 7PE

#### **Bankers**

Barclays Bank Plc  
1 Churchill Place  
London  
E14 5HP

## **NNT Lift Company (Fundco 1) Limited**

### **Directors' Report**

#### **Year Ended 31 March 2022**

The directors present their report and the audited Annual Report and Financial Statements of NNT Lift Company (Fundco 1) Limited ("the Company") for the year ended 31 March 2022.

#### **Principal Activities**

The principal activities of the Company are the development and provision of high quality accommodation and services to the health and social care community in the Newcastle and North Tyneside area. The agreement was entered into under the Local Improvement Finance Trust Scheme.

#### **Performance Review**

The profit for the financial year, after taxation, amounted to £395,480 (2021: £393,293).

The profit for the financial year will be transferred to reserves.

The directors are satisfied with the overall performance of the Company and do not foresee any significant change in the Company's activities in the coming financial year.

#### **Key Performance Indicators**

The performance of the Company from a cash perspective is assessed six monthly by the testing of the covenants of the senior debt provider. The key indicator being the debt service cover ratio. The Company has been performing well and has been compliant with the covenants laid out in the Group loan agreement. At the year end the ratio was 1.23 (2021: 1.34)

## **NNT Lift Company (Fundco 1) Limited**

### **Directors' Report** *(continued)*

#### **Year Ended 31 March 2022**

##### **Going Concern**

The financial statements are prepared on a going concern basis notwithstanding net liabilities of £6,063,164 (2021: £8,905,992) which the directors believe to be appropriate for the following reasons. The Company meets its capital expenditure requirements through long term bank loans agreed at the beginning of the project as part of the government sponsored Local Improvement Finance Trust (LIFT) initiatives.

The nature of the Company's business is such that there are considerable cash outflows during the construction phase of the project. Now operational, the fixed assets generate cash. The directors have prepared projected cash flow information for the entire Local Improvement Finance Trust (LIFT) contract which covers a period of at least twelve months from the date of approval of the financial statements.

On the basis of this cash flow information, the directors consider that the Company will continue to operate within the long term facilities currently agreed. In particular during the operational phase of the project, sufficient cash flow is projected to be generated to allow the Company to meet its liabilities as they fall due for payment.

Based on the future cash flows and available loan facilities, the directors believe it is appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that result from the basis of preparation being inappropriate.

At the time of approving the financial statements, the directors have a reasonable expectation that the Company has adequate resources to continue in operation existence for the foreseeable future.

##### **Directors.**

The directors who served the Company during the year and up to the date of this report were as follows:

M Percy	
I Betham	
J Gordon	
G Steven	(Appointed 1 July 2021, resigned 28 September 2022)
M Thurston	(Appointed 2 August 2022)
P Johnstone	(Appointed 1 November 2022)
N Arif	(Appointed 20 October 2021)
R Christie	(Resigned 1 July 2021)
R Coates	(Resigned 1 October 2021)

##### **Dividends**

The directors do not recommend the payment of a dividend (2021: £nil).

## **NNT Lift Company (Fundco 1) Limited**

### **Directors' Report** *(continued)*

#### **Year Ended 31 March 2022**

##### **Financial Instruments**

Due to the nature of the Company's business, the financial risks the directors consider relevant to this Company are credit, interest rate, cash flow and liquidity risk. The credit risk is not considered significant as the client is a local government authority.

##### *Interest rate risk*

The financial risk management objectives of the Company are to ensure that financial risks are mitigated by the use of financial instruments. The Company uses interest rate swaps to reduce its exposure to interest rate movements. Financial instruments are not used for speculative purposes.

##### *Cash Flow and Liquidity risk*

Many of the Cash Flow risks are addressed by means of contractual provisions. The Company's liquidity risk is principally managed through financing the Company by means of long-term borrowings.

##### **Qualifying Third Party Indemnity Provisions**

During the year, and at the date of this report, the Company has in place qualifying third party indemnity provisions for the benefit of its directors.

##### **Small Company Provisions**

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

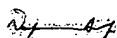
##### **Disclosure of Information to Auditor**

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

- so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The independent auditors, Johnston Carmichael LLP, are deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

This report was approved by the board of directors on 19-05-23 and signed by order of the board by:



N Arif  
Director

## **NNT Lift Company (Fundco 1) Limited**

### **Directors' Responsibilities Statement**

#### **Year Ended 31 March 2022**

The directors are responsible for preparing the Annual Report and 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 prepared the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, and applicable law).

Under company law the directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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.

## **NNT Lift Company (Fundco 1) Limited**

### **Independent Auditor's Report to the Members of NNT Lift Company (Fundco 1) Limited**

#### **Opinion**

We have audited the financial statements of NNT Lift Company (Fundco 1) Limited (the 'Company') for the year ended 31 March 2022 which comprises the Statement of Comprehensive Income, the Statement of Financial Position, 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 2022, and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions Relating to Going Concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of 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.

## **NNT Lift Company (Fundco 1) Limited**

### **Independent Auditor's Report to the Members of NNT Lift Company (Fundco 1) Limited** *(continued)*

#### **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.

#### **Matters on Which We are Required to Report by Exception**

In the light of our 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.

#### **Responsibilities of Directors**

As explained more fully in the directors' responsibilities statement set out on page 5, 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.

## **NNT Lift Company (Fundco 1) Limited**

### **Independent Auditor's Report to the Members of NNT Lift Company (Fundco 1) Limited** *(continued)*

#### **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.

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

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and the sector in which it operates, focusing on those 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
- Companies Act 2006
- 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 identified a heightened fraud risk in relation to management override of controls and revenue recognition.

## **NNT Lift Company (Fundco 1) Limited**

### **Independent Auditor's Report to the Members of NNT Lift Company (Fundco 1) Limited** *(continued)*

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 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 Company's 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.

#### **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.

*Johnston Carmichael LLP*

Allison Dalton (Senior Statutory Auditor)  
for and on behalf of Johnston Carmichael LLP

19 May 2023

Chartered Accountants  
Statutory auditor

7-11 Melville Street  
Edinburgh  
EH3 7PE

**NNT Lift Company (Fundco 1) Limited****Statement of Comprehensive Income****Year Ended 31 March 2022**

	Note	2022 £	2021 £
<b>Turnover</b>	<b>4</b>	<b>5,253,834</b>	5,107,376
Cost of sales		<b>(1,219,629)</b>	(1,344,271)
<b>Gross profit</b>		<b>4,034,205</b>	3,763,105
Administrative expenses		<b>(1,234,941)</b>	(1,227,805)
<b>Operating profit</b>	<b>5</b>	<b>2,799,264</b>	2,535,300
Interest receivable and similar income	<b>7</b>	<b>822</b>	719
Interest payable and similar expenses	<b>8</b>	<b>(1,860,435)</b>	(1,928,922)
<b>Profit before taxation</b>		<b>939,651</b>	607,097
Tax on profit	<b>9</b>	<b>(544,171)</b>	(213,804)
<b>Profit for the financial year</b>		<b>395,480</b>	393,293
Fair value movements on cash flow hedging instruments, net of tax		<b>2,447,348</b>	1,425,134
<b>Total comprehensive income for the year</b>		<b>2,842,828</b>	1,818,427

All the activities of the Company are from continuing operations.

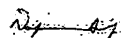
The notes on pages 13 to 26 form part of these Financial Statements.

**NNT Lift Company (Fundco 1) Limited****Statement of Financial Position****As at 31 March 2022**

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Tangible assets	10	18,787,343	19,588,978
<b>Current assets</b>			
Debtors: amounts falling due within one year	11	346,439	339,688
Debtors: amounts falling due after more than one year	11	1,083,999	1,336,884
Cash at bank and in hand		6,462,102	6,337,581
		<u>7,892,540</u>	<u>8,014,153</u>
<b>Creditors: amounts falling due within one year</b>	12	<u>(2,248,110)</u>	<u>(2,197,095)</u>
<b>Net current assets</b>		<u>5,644,430</u>	<u>5,817,058</u>
<b>Total assets less current liabilities</b>		<u>24,431,773</u>	<u>25,406,036</u>
<b>Creditors: amounts falling due after more than one year</b>	13	<u>(29,367,434)</u>	<u>(33,451,338)</u>
<b>Provisions for liabilities</b>			
Taxation including deferred taxation	14	<u>(1,127,503)</u>	<u>(860,690)</u>
<b>Net liabilities</b>		<u>(6,063,164)</u>	<u>(8,905,992)</u>
<b>Capital and reserves</b>			
Called up share capital	17	100	100
Fair value reserve	18	(3,251,998)	(5,699,346)
Retained earnings	18	<u>(2,811,266)</u>	<u>(3,206,746)</u>
<b>Total shareholders' deficit</b>		<u>(6,063,164)</u>	<u>(8,905,992)</u>

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

The Financial Statements were approved by the board of directors and authorised for issue on ..19-05-23....., and are signed on behalf of the board by:



N Arif  
Director

Company registration number: 04934390

The notes on pages 13 to 26 form part of these Financial Statements.

**NNT Lift Company (Fundco 1) Limited****Statement of Changes in Equity****Year Ended 31 March 2022**

	Called up share capital £	Fair value reserve £	Retained earnings £	Total £
<b>At 1 April 2020</b>	100	(7,124,480)	(3,600,039)	(10,724,419)
Profit for the financial year			393,293	393,293
Other comprehensive income for the year:				
Fair value movements on cash flow hedging instruments, net of tax	–	1,425,134	–	1,425,134
<b>Total comprehensive income for the year</b>	–	1,425,134	393,293	1,818,427
<b>At 31 March 2021</b>	100	(5,699,346)	(3,206,746)	(8,905,992)
Profit for the financial year			395,480	395,480
Other comprehensive income for the year:				
Fair value movements on cash flow hedging instruments, net of tax	–	2,447,348	–	2,447,348
<b>Total comprehensive income for the year</b>	–	2,447,348	395,480	2,842,828
<b>At 31 March 2022</b>	100	(3,251,998)	(2,811,266)	(6,063,164)

The notes on pages 13 to 26 form part of these Financial Statements.

# **NNT Lift Company (Fundco 1) Limited**

## **Notes to the Annual Report and Financial Statements**

### **Year Ended 31 March 2022**

#### **1. General Information**

NNT Lift Company (Fundco 1) Limited ("the Company") is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is Watling House, 5<sup>th</sup> Floor, 33 Cannon Street, London, EC4M 5SB.

The principal activities of the Company are the development and provision of high quality accommodation and services to the health and social care community in the Newcastle and North Tyneside area. The agreement was entered into under the Local Improvement Finance Trust Scheme.

The Company's functional and presentation currency is the pound sterling. Monetary amounts in these financial statements are rounded to the nearest pound.

#### **2. Statement of Compliance**

The individual financial statements of NNT Lift Company (Fundco 1) Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland ("FRS 102") and the Companies Act 2006.

#### **3. Accounting Policies**

##### **(a) Basis of preparation**

These financial statements are prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed further in the accounting policies.

The accounting policies stated below have been consistently applied to the years presented, unless otherwise stated.

## **NNT Lift Company (Fundco 1) Limited**

### **Notes to the Annual Report and Financial Statements** *(continued)*

#### **Year Ended 31 March 2022**

##### **3. Accounting Policies** *(continued)*

###### **(b) Going concern**

The financial statements are prepared on a going concern basis notwithstanding net liabilities of £6,063,164 (2021: £8,905,992) which the directors believe to be appropriate for the following reasons. The Company meets its capital expenditure requirements through long term bank loans agreed at the beginning of the project as part of the government sponsored Local Improvement Finance Trust (LIFT) initiatives.

The nature of the Company's business is such that there are considerable cash outflows during the construction phase of the project. Now operational, the fixed assets generate cash. The directors have prepared projected cash flow information for the entire Local Improvement Finance Trust (LIFT) contract which covers a period of at least twelve months from the date of approval of the financial statements.

On the basis of this cash flow information, the directors consider that the Company will continue to operate within the long term facilities currently agreed. In particular during the operational phase of the project, sufficient cash flow is projected to be generated to allow the Company to meet its liabilities as they fall due for payment.

Based on the future cash flows and available loan facilities, the directors believe it is appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that result from the basis of preparation being inappropriate.

At the time of approving the financial statements, the directors have a reasonable expectation that the Company has adequate resources to continue in operation existence for the foreseeable future.

###### **(c) Disclosure exemptions**

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

The Company has also taken advantage of the exemption in section 33 of FRS 102 'Related Party Disclosures', that allows it not to disclose transactions with wholly owned members of a group.

## **NNT Lift Company (Fundco 1) Limited**

### **Notes to the Annual Report and Financial Statements** *(continued)*

#### **Year Ended 31 March 2022**

#### **3. Accounting Policies** *(continued)*

##### **(d) Judgments and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported. These estimates and judgments are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### **Significant judgments**

The judgments (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

##### **i) Hedge accounting and consideration of the fair value of derivative financial instruments**

The Company uses derivative financial instruments to hedge certain economic exposures in relation to movements in interest rates as compared with the position that was expected at the date the underlying transaction being hedged was entered into. The Company fair values its derivative financial instruments and records the fair value of those instruments on its Statement of Financial Position. No market prices are available for these instruments and consequently the fair values are determined by calculating the present value of the estimated future cashflows based on observable yield curves. There is also a judgment on whether an economic hedge relationship exists in order to achieve hedge accounting. Appropriate documentation has been prepared detailing the economic relationship between the hedging instrument and the underlying loan being hedged.

##### **ii) Deferred taxation**

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Judgment is required in the case of the recognition of deferred taxation assets, the Directors have to form an opinion as to whether it is probable that the deferred taxation asset recognised is recoverable against future taxable profits arising. This exercise of judgment requires the Directors to consider forecast information over a long time horizon having regard to the risks that the forecasts may not be achieved and then form a reasonable opinion as to the recoverability of the deferred taxation asset.

##### **Key sources of estimation uncertainty**

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty are as follows:

##### **i) Impairment of assets**

The carrying value of those assets recorded in the Company's Statement of Financial Position, at amortised cost, could be materially reduced where circumstances exist which might indicate that an asset has been impaired and an impairment review is performed. Impairment reviews consider the fair value and/or value in use of the potentially impaired asset or assets and compares that with the carrying value of the asset or assets in the Statement of Financial Position. Any reduction in value arising from such a review would be recorded in the Statement of Comprehensive Income. Impairment reviews involve the significant use of assumptions. Consideration has to be given as to the price that could be obtained for the asset or assets, or in relation to a consideration of value in use, estimates of the future cash flows that could be generated by the potentially impaired asset or assets, together with a consideration of an appropriate discount rate to apply to those cash flows.

## **NNT Lift Company (Fundco 1) Limited**

### **Notes to the Annual Report and Financial Statements** *(continued)*

#### **Year Ended 31 March 2022**

#### **3. Accounting Policies** *(continued)*

##### **ii) Residual values**

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of handover, for the asset as if it were at the age and in the condition expected at the end of its useful life.

##### **(e) Revenue recognition**

Turnover represents lease income derived from leases of high quality accommodation and services to the health and social care community and services rendered, excluding VAT. Turnover is recognised in line with lease agreements and as services are provided.

##### **(f) Income tax**

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in Other Comprehensive Income or directly in equity. In this case tax is also recognised in Other Comprehensive Income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

##### **i) Current Tax**

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end. The directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

##### **ii) Deferred tax**

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is also recognised on the revaluations of derivative financial instruments, with the movements going through the Statement of Comprehensive Income.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the deferred tax asset or liability.

# NNT Lift Company (Fundco 1) Limited

## Notes to the Annual Report and Financial Statements *(continued)*

### Year Ended 31 March 2022

#### 3. Accounting Policies *(continued)*

##### (g) Lifecycle

The Company is responsible for the lifecycle costs associated with its principal activity, however risk here is mitigated by passing on lifecycle risk to a third party facilities management company. Lifecycle costs are fixed fees indexed annually as set out in the estate management contracts relating to the individual properties. There is no underspend held in the project.

##### (h) Tangible assets

The company is accounting for the concession asset based on the inability to substantially transfer all the risks and rewards of ownership to the customer with the cost incurred in the design and construction of the assets being treated as a fixed asset.

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

General and specific borrowing costs, such as interest, directly attributable to the acquisition and construction of the land and buildings are capitalised and added to the cost until such time as the asset is ready for its intended use or sale.

##### (i) Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset.

The charge for depreciation is based on the following assumptions:

Land & Buildings	Over the life of the project	Straight Line
Interest	25 years	Straight Line
Plant & Equipment	7 years	Reducing
Balance		

Land and Buildings are depreciated until the point of reaching the estimated residual value at the end of the 25 year contract.

##### (j) Cash and cash equivalents

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

The company is obligated to keep cash reserves as at the balance sheet date in respect of requirements in the company's funding agreements. This restricted cash balance, which is shown within the "cash at bank and in hand" balance amounts to £1,761,238 (2021: £1,750,433).

# **NNT Lift Company (Fundco 1) Limited**

## **Notes to the Annual Report and Financial Statements** *(continued)*

### **Year Ended 31 March 2022**

#### **3. Accounting Policies** *(continued)*

##### **(k) Borrowings**

Borrowings are recognised at amortised cost using the effective interest rate method. Under the effective interest rate method, any transaction fees, costs, discounts and premiums directly related to the borrowings are recognised in the Statement of Comprehensive Income over the life of the borrowings. Borrowings with maturities greater than twelve months after the reporting date are classified as non-current liabilities.

##### **(l) Provisions**

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the Statement of Financial Position and the amount of the provision as an expense. Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in Statement of Comprehensive Income unless the provision was originally recognised as part of the cost of an asset.

##### **(m) 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, in full, to all of its financial instruments.

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price and subsequently at amortised cost, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are initially recognised at the present value of cash payable to the lender and are subsequently measured at amortised cost using the effective interest rate method, less impairment. The effective interest rate method is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument. The effective interest rate amortisation is included in interest payable and similar charges in the Statement of Comprehensive Income.

Other financial instruments are subsequently measured at fair value, with any changes recognised in the Statement of Comprehensive Income, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in the Statement of Comprehensive Income immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

## **NNT Lift Company (Fundco 1) Limited**

### **Notes to the Annual Report and Financial Statements** *(continued)*

#### **Year Ended 31 March 2022**

#### **3. Accounting Policies** *(continued)*

##### **Financial instruments** *(continued)*

Any reversals of impairment are recognised in the Statement of Comprehensive Income immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised. 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 entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the Statement of Financial Position. Finance costs and gains or losses relating to financial liabilities are included in the Statement of Comprehensive Income. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

# NNT Lift Company (Fundco 1) Limited

## Notes to the Annual Report and Financial Statements *(continued)*

### Year Ended 31 March 2022

#### 3. Accounting Policies *(continued)*

##### (n) Hedge accounting

The Company has entered into an arrangement with third parties that is designed to hedge future cash flows arising on variable rate interest loan arrangements, with the net effect of exchanging the cash flows arising under those arrangements for a stream of fixed interest cash flows ("interest rate swaps"). The Company has designated that this arrangement is a hedge of another (non-derivative) financial instrument, to mitigate the impact of potential liability of the Company's net cash flows.

To qualify for hedge accounting, documentation is prepared specifying the hedging strategy, the component transactions and methodology used for effectiveness measurement. Changes in the carrying value of financial instruments that are designated and effective as hedges of future cash flows ("cash flow hedges") are recognised directly in a hedging reserve in equity and any ineffective portion is recognised immediately in the Statement of Comprehensive Income. Amounts deferred in equity in respect of cash flow hedges are subsequently recognised in the Statement of Comprehensive Income in the same period in which the hedged item affects net profit or loss or the hedging relationship is terminated and the underlying position being hedged has been extinguished.

The Company has elected to early adopt the FRS 102 Interest Rate Benchmark Reform Amendment. The amendments enable the Company to take advantage of the temporary amendments to specific hedge accounting requirements in FRS 102 paragraphs 12.25C to 12.25F to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms. The Company is exposed to LIBOR within its hedge accounting relationships, which is subject to interest rate benchmark reform.

The Company's borrowings are linked to LIBOR and as described at Note 13 the Company has entered into an interest rate swap to restrict its exposure to future interest rate fluctuations. The UK Financial regulator (the FCA) have legislated that GBP LIBOR will cease to be published after 31 December 2021. With effect from 1 April 2022, an amendment was made to the Interest Rate Swap agreement with the Lender in order to transfer from LIBOR to SONIA. No other significant changes were made to the Agreement as a result of this amendment.

#### 4. Turnover

Turnover arises from:

	2022	2021
	£	£
Rendering of services	<u>5,253,834</u>	<u>5,107,376</u>

The whole of the turnover is attributable to the principal activity of the Company wholly undertaken in the United Kingdom.

# NNT Lift Company (Fundco 1) Limited

## Notes to the Annual Report and Financial Statements *(continued)*

### Year Ended 31 March 2022

#### 5. Operating Profit

Operating profit or loss is stated after charging:

	2022	2021
	£	£
Depreciation of tangible assets	801,635	829,923
Fees payable for the audit of the annual report and financial statements	<u>12,500</u>	<u>11,580</u>

Included in the fee above is £3,450 (2021: £3,200) for taxation compliance services. Also included in the fee above is £1,000 (2021: £1,000) for the audit of the immediate parent entity NNT Lift Company Limited.

#### 6. Particulars of Employees and Directors

The average number of persons employed by the Company during the financial year, including the directors, amounted to nil (2021: nil). The directors did not receive any remuneration from the Company during the year (2021: £nil). Fees paid to investors in respect of their Directors are £60,000 (2021: £60,000) to NNT Lift Company Limited for the provision of directors services.

#### 7. Interest Receivable and Similar Income

	2022	2021
	£	£
Interest on cash and cash equivalents	<u>822</u>	<u>719</u>

#### 8. Interest Payable and Similar Expenses

	2022	2021
	£	£
Interest on bank loans and overdrafts	1,425,455	1,492,501
Interest due to Group undertakings	434,980	434,980
Other interest payable and similar expenses	—	1,441
	<u>1,860,435</u>	<u>1,928,922</u>

#### 9. Tax on Profit

##### Major components of tax expense

	2022	2021
	£	£
<b>Current tax:</b>		
UK current tax expense	277,550	210,517
Adjustments in respect of prior periods	(192)	(133)
Total current tax	<u>277,358</u>	<u>210,384</u>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	266,813	3,420
<b>Tax on profit</b>	<u>544,171</u>	<u>213,804</u>

# NNT Lift Company (Fundco 1) Limited

## Notes to the Annual Report and Financial Statements *(continued)*

### Year Ended 31 March 2022

#### 9. Tax on Profit *(continued)*

##### Reconciliation of tax expense

The tax assessed on the profit for the year is higher than (2021: higher than) the standard rate of corporation tax in the UK of 19% (2021: 19%).

	2022 £	2021 £
Profit before taxation	<b>939,651</b>	607,097
Profit before taxation by rate of tax	<b>178,534</b>	115,348
Adjustment to tax charge in respect of prior periods	<b>(192)</b>	(133)
Group relief surrendered/(claimed)	<b>(184)</b>	-
Payment/(receipt) for group relief	<b>184</b>	-
Effect of capital allowances and depreciation	<b>95,228</b>	98,589
Remeasurement of deferred tax for changes in tax rates	<b>270,601</b>	-
Total tax charge	<b>544,171</b>	213,804

During the year, as a result of the increase in the UK main corporation tax rate from 19% to 25% that was enacted in May 2021 to take effect from 1 April 2023, the relevant deferred tax balances have been remeasured at 25%. This change has increased the deferred tax liability at the balance sheet date, and so has decreased the profit in the year by £270,601.

#### 10. Tangible Assets

	Land and Buildings £	Plant and machinery £	Interest £	Total £
<b>Cost</b>				
At 1 April 2021 and 31 March 2022	<u>20,468,176</u>	<u>9,268,798</u>	<u>5,785,817</u>	<u>35,522,791</u>
<b>Depreciation</b>				
At 1 April 2021	4,562,674	8,080,730	3,290,409	15,933,813
Charge for the year	<u>400,478</u>	<u>169,724</u>	<u>231,433</u>	<u>801,635</u>
At 31 March 2022	<u>4,963,152</u>	<u>8,250,454</u>	<u>3,521,842</u>	<u>16,735,448</u>
<b>Carrying amount</b>				
At 31 March 2022	<u>15,505,024</u>	<u>1,018,344</u>	<u>2,263,975</u>	<u>18,787,343</u>
At 31 March 2021	<u>15,905,502</u>	<u>1,188,068</u>	<u>2,495,408</u>	<u>19,588,978</u>

#### 11. Debtors

Debtors amounts falling due within one year are as follows:

	2022 £	2021 £
Trade debtors	<b>55,495</b>	22,951
Prepayments and accrued income	<b>290,944</b>	316,737
	<b>346,439</b>	339,688

# NNT Lift Company (Fundco 1) Limited

## Notes to the Annual Report and Financial Statements (continued)

### Year Ended 31 March 2022

#### 11. Debtors (continued)

Debtors amounts falling due after more than one year are as follows:

	2022	2021
	£	£
Deferred tax asset	<u>1,083,999</u>	<u>1,336,884</u>

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

	2022	2021
	£	£
Bank loans and overdrafts	1,405,232	1,194,584
Trade creditors	345,834	393,142
Amounts owed to Group undertakings	46,233	125,164
Accruals and deferred income	192,447	216,056
Corporation tax	76,533	96,243
Taxation and social security	181,831	171,906
	<u>2,248,110</u>	<u>2,197,095</u>

Amounts owed to Group undertakings are made up of £184 (2021: £46,186) relating to a group tax creditor and £46,049 (2021: £78,978) relating to the trading balances. All amounts are unsecured and repayable on demand.

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

	2022	2021
	£	£
Bank loans and overdrafts	21,923,733	23,307,404
Amounts owed to Group undertakings	3,107,704	3,107,704
Derivative financial liability	4,335,997	7,036,230
	<u>29,367,434</u>	<u>33,451,338</u>

Included within creditors: amounts falling due after more than one year is an amount of £16,892,762 (2021: £19,906,819) in respect of liabilities payable or repayable by instalments which fall due for payment after more than five years from the reporting date.

# NNT Lift Company (Fundco 1) Limited

## Notes to the Annual Report and Financial Statements *(continued)*

### Year Ended 31 March 2022

#### 13. Creditors: amounts falling due after more than one year *(continued)*

The Company has four term loans with Barclays Bank PLC secured by a fixed and floating charge over the assets of the company and its immediate parent company.

Tranche 1 loan bears interest at 6.51% per annum under a swap agreement entered into by the company. The swap rate is fixed for the duration of the term loan. The term loan is repayable in quarterly instalments which commenced on 31 March 2006. The final repayment is due September 2030.

Tranche 2A loan bears interest at 5.55% per annum under a swap agreement entered into by the company. The swap rate is fixed for the duration of the term loan. The term loan is repayable in quarterly instalments which commenced July 2008. The final repayment is due April 2033.

Tranche 2B loan bears interest at 5.97% per annum under a swap agreement entered into by the company. The swap rate is fixed for the duration of the term loan. The term loan is repayable in quarterly instalments which commenced January 2009. The final repayment is due October 2033.

Tranche 2C loan bears interest at 5.74% per annum under a swap agreement entered into by the company. The swap rate is fixed for the duration of the term loan. The term loan is repayable in quarterly instalments which commence January 2009. The final repayment is due September 2033.

Amounts owed to Group undertakings comprise of a subordinated loan provided by NNT Lift Company Limited, the immediate parent company. It bears interest at 14% and is repayable between 2030 and 2034.

#### 14. Provisions for Liabilities

	Deferred tax (note 15) £
At 1 April 2021	860,690
Deferred tax	266,813
<b>At 31 March 2022</b>	<b><u>1,127,503</u></b>

#### 15. Deferred Tax

The deferred tax included in the Statement of Financial Position is as follows:

	2022 £	2021 £
Included in debtors (note 11)	1,083,999	1,336,884
Included in provisions for liabilities (note 14)	<b><u>(1,127,503)</u></b>	<b><u>(860,690)</u></b>
	<b><u>(43,504)</u></b>	<b><u>476,194</u></b>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2022 £	2021 £
Accelerated capital allowances	<b><u>(1,127,503)</u></b>	(860,690)
Derivative financial instruments	1,083,999	1,336,884
	<b><u>(43,504)</u></b>	<b><u>476,194</u></b>

# **NNT Lift Company (Fundco 1) Limited**

## **Notes to the Annual Report and Financial Statements (continued)**

### **Year Ended 31 March 2022**

#### **15. Deferred Tax (continued)**

	2022 £
Opening balance	(476,194)
Movement through the profit or loss	266,813
Movement through other comprehensive income	252,885
<b>Closing balance</b>	<b><u>43,504</u></b>

No portion of the deferred tax relating to derivative financial instruments is likely to be recovered or settled in the 12 months following the Statement of Financial Position date. The deferred tax provision for accelerated capital allowances are carried forward.

#### **16. Financial Instruments**

##### **i) Hedge accounting**

Derivatives are financial instruments that derive their value from the price of an underlying item, such as interest rates or other indices. The Company's use of derivative financial instruments is described below.

##### **ii) Interest rate swaps**

The Company has entered into interest rate swaps with third parties for the same notional amount as all of the Company's variable rate borrowings with banks which has the commercial effect of swapping the variable rate interest coupon on those loans for a fixed rate coupon. The bank loans and related interest rate swaps amortise at the same rate over the life of the loan/swap arrangements. The interest rate swaps were entered into between May 2004 and January 2009 and expire between September 2030 to October 2033.

The Directors believe that the hedging relationship between the interest rate swaps and related variable rate bank loans is highly effective and as a consequence have concluded that these derivatives meet the definition of a cash flow hedge and have formally designated them as such. Carrying value of all derivative financial instruments

All of the Company's derivative financial instruments are carried at fair value. The net carrying value of all derivative financial instruments at 31 March 2022 amounted to net liabilities of £4,335,997 (2021: £7,036,230). All of the movements during the year in the fair value net of deferred tax of these derivative financial instruments have been recorded in the cash flow hedge reserve amounting to a debit of £2,447,348 (2021: £1,425,133).

#### **17. Called Up Share Capital**

##### **Issued, called up and fully paid**

	2022		2021	
	No.	£	No.	£
Ordinary shares of £0.10 each	<u>1,000</u>	<u>100</u>	<u>1,000</u>	<u>100</u>

Shares rank pari passu in all respects.

## NNT Lift Company (Fundco 1) Limited

### Notes to the Annual Report and Financial Statements *(continued)*

#### Year Ended 31 March 2022

##### 18. Reserves

The fair value reserve records fair value movements on cash flow hedging instruments.

Retained earnings records retained earnings and accumulated losses.

##### 19. Related Party Transactions

The Company is wholly owned by NNT Lift Company Limited and has taken advantage of the exemption in section 33 of FRS 102 'Related Party Disclosures', that allows it not to disclose transactions with wholly owned members of a group.

The directors consider the material transactions undertaken by the Company during the year with related parties were as follows:

Name of Party	Relation	Nature of (Income)/Expense transaction	Amount (Income)/Expense during the year ended 31 March 2022	Amount (Income)/Expense owed to/(by) party as at 31 March 2022	Amount (Income)/Expense owed to/(by) party as at 31 March 2021	Amount (Income)/Expense owed to/(by) party as at 31 March 2021
			£	£	£	£
Community Health Partnerships Limited	27.37% shareholder in NNT Lift Company Limited	Lease Payments	(2,152,644)	(32,873)	(2,085,422)	(2,103)
North Tyneside Council	6.81% shareholder in NNT Lift Company Limited	Lease Payments	(1,400,461)	(1,364)	(1,369,105)	(25,299)
The Council of the City of Newcastle upon Tyne	5.81% shareholder in NNT Lift Company Limited	Lease Payments	(1,989,241)	(2,600)	(2,032,047)	4,451

##### 20. Controlling Party

The immediate parent undertaking is NNT Lift Company Limited, a company incorporated in England.

NNT Lift Company Limited is owned by Elgin Lift Limited (60.01%), Community Health Partnerships Limited (27.37%), North Tyneside Council (6.81%) and The Council of the City of Newcastle upon Tyne (5.81%).

The accounts of Elgin Lift Limited can be obtained from 11 Thistle Street, Edinburgh, EH2 1DF.

Elgin Lift Limited is owned 99.996% by Elgin Infrastructure Limited, which is jointly owned between Cobalt Project Investments Limited and Ednaston Investments Limited. There is no ultimate controlling party.

## **NNT Lift Company (Fundco 1) Limited**

### **Notes to the Annual Report and Financial Statements** *(continued)*

#### **Year Ended 31 March 2022**

##### **21. Post Balance Sheet Events** **Transition to SONIA**

With effect from 1 April 2022, an amendment was made to the Interest Rate Swap agreement with the Lender in order to transfer from LIBOR to SONIA. No other significant changes were made to the Agreement as a result of this amendment.