RMPA Holdings Limited

Annual report and consolidated financial statements

Registered number 04943656

31 March 2020

Contents

Strategic report

Principal Activities

The principal activity of the Company is as a special purpose company established to act as a holding company to RMPA Services Plc (together with RMPA Nominees Limited, the 'Group'). The Company does not carry on any other business or activity and has had no employees during the year.

The principal activity of RMPA Services Plc is to design, build and service the new Colchester Garrison, under a PFI contract awarded by the Ministry of Defence (the 'MoD') on 9 February 2004. The contract runs for 35 years. All construction was completed in April 2008. Post construction and for the remainder of the project the principal activity is to provide fully serviced technical and living accommodation and soft facilities management to the MoD. The Company operates solely within the United Kingdom.

The Group profit on ordinary activities before taxation for the year was £13,127,000 (2019: £13,185,000), resulting, after tax and dividends paid in a net surplus in shareholders' funds of £7,966,000 at the end of the year (2019: £9,467,000). The Directors remain confident that all creditors will be paid as and when they become due. Net current assets have decreased from £456,778,000 to £444,394,000 as a result of the amortisation of the finance debtor. The current assets include finance debtor due greater than 1 year of £402,513,000 (2019: £412,859,000). The directors consider that this is recoverable in full.

Principal risks and uncertainties

The Group's revenue is based on a fixed price contract, subject to fluctuations for retail price index movements. Therefore, profit margins are susceptible to inflation rate fluctuations. In order to manage this risk, the Group has ensured that costs are either fixed or also subject to retail price index movements.

The facility management operations of the project are sub-contracted out, with performance risks being passed down to the key subcontractors. Contractual default by these subcontractors is covered by respective parent company guarantees and/or performance bonds.

Performance risk under the contract is passed on to the service providers. The Group is exposed to the risk of non-performance by its subcontractors; however, penalties imposed by the MoD will be passed onto the subcontractor at fault under the terms of the subcontracts. Agreed performance deductions incurred for the year ended 31 March 2020 totalled £21,000 (2019: £49,000).

Under the PFI project agreement with the MoD, the risk of increased operating costs from a general change in law is shared by the Group, on a reducing scale, for three years from the change in law, and thereafter full risk is taken by the MoD. A corresponding three year agreement is in place with respect to any savings arising from a general change in law, with the MoD then receiving full benefit.

The Group receives the majority of its revenue from the MoD in the form of a unitary payment. Although the MoD is the only client of the Group, the directors are satisfied that it will be able to fulfil its obligations under the PFI contract, which is also underwritten by the Secretary of State for Defence and therefore the Group is not exposed to significant credit risk.

The Group has responsibility for identifying lifecycle costs and the directors manage this risk through asset inspection and consequential forecasting of asset replacement costs.

The Group has adopted a prudent approach to liquidity management by endeavouring to maintain sufficient cash and liquid resources to meet its obligations as they fall due.

Strategic report *(continued)*

The directors and officers of the company have acted to mitigate the impact that Coronavirus (Covid-19) will have to the business and have worked closely with the MoD and the key sub-contractor to maintain onsite operations. This has included agreeing an open-ended contract change, subject to agreed review periods, which allows the business to be flexible with its resources and ensure key activities such as security, cleaning, and catering continue to function and can be focussed where they are needed. This arrangement gives the MoD flexibility to manage the facility and maintain operations while allowing for isolation of personnel as required.

In accordance with the Cabinet Office Procurement Policy Note 02/20 – Supplier Relief due to Covid-19, a waiver has been put in place for deductions during this period and the monthly Unitary Payment will continue to be paid as normal, with no anticipated impact on financial performance.

Section 172(1) Statement

The following disclosure describes how the Board has had regard to the matters set out in section 172 (1) (a) to (f) and forms the Directors Statement required under section 414CZA of the Companies Act 2006.

The purpose of the Group is to design, build, finance and operate the new Colchester Garrison over a contract period of 35 years to the satisfaction of the MoD. The Group's aim is to work in partnership with the MoD to provide effective infrastructure of a high-quality standard. This shapes the Group's values and objectives and defines long term success. Decisions are taken in the context of this ethos of working in partnership. The Group has long term funding in place, as described in the Directors' Report. The detailed PFI contracts set out the relationships with the MoD, debt funders, maintenance, and operations contractors. These parties are the Group's main stakeholders. The Group also works with the MoD to ensure their requirements are met. Debt funders are provided with operational and financial reports on a quarterly basis. The operational management team works closely with the MoD and the maintenance and operations contractors to programme major works. The Group ensures that the facility is maintained to the required standards.

The Group's employees are fundamental to the delivery of its obligations. Staff retention is very high due to the creation of a good and fair working environment, competitive remuneration and continuous training.

The Board is an experienced team with representatives of all shareholders. The Board members have experience of working with other key stakeholders, which enables them to identify the long term consequences of the principal decisions. The Board meet on a quarterly basis and information is provided at the meetings by the operational and financial management teams. This information will have regard to health and safety matters, the operational and financial performance of the project, planned major maintenance works and relationships with the client and the main subcontractors. The operational and financial management team make recommendations to the Board of Directors. These are considered at the quarterly Board meetings. These Board meetings are minuted and actions arising are monitored.

Principal decisions of the Group are those that are key to the Group's success. These include but are not limited to: decisions impacting upon the relationships between the parties, decisions impacting upon the safety of the facility and decisions impacting the return to the shareholders.

The principal decisions made by the Board of Directors during the year ended 31 March 2020 mainly related to health and safety considerations.

Major lifecycle expenditure is planned following asset condition surveys, with the aim to maintain the asset at the required contractual standards and to ensure that the asset will meet the required standards at the end of the contract. The delivery of these works is carefully planned with the maintenance and operation contractors and client, to ensure minimum disruption to the users of the facility and the safety of the users and the contractors' employees.

Strategic report *(continued)*

Key performance indicators

The Group's management produce a monthly income statement and statement of financial position, plus comparisons of actual cash flows against forecast cash flows from the project financial model and analyse any fluctuations.

The directors confirm that the Company is in compliance with its key covenants, Historic Debt Service Cover Ratio at 1.35x (2019:1.40x), Projected Debt Service Cover Ratio at 1.37x (2019:1.33x) and Loan Life Cover Ratio at 1.48x (2019:1.48x), and that there are no other key performance indicators that require disclosure for an understanding of the development, performance or position of the Company.

Approved by the Board and signed on its behalf by:-

D. Kelly

D Kelly, Chairman

17 June 2020

Registered Office:

Building P05, Merville Barracks,

Circular Road South, Colchester, CO2 7UT

Directors' report

The directors present their directors' report and financial statements for the year ended 31 March 2020.

Directors

The Directors who served during the year and to the date of signing this report were as follows:

D Kelly (appointed 1 June 2019)

SA Carter

J McDonagh

H O'Gorman

VCT Menzies

J Cowdell

A Cox

The Articles of Association of the Company provide that in certain circumstances the directors are entitled to be indemnified out of the assets of the Group against claims from third parties in respect of certain liabilities arising in connection with the performance of their functions, in accordance with the provisions of the UK Companies Act 2006. Indemnity provisions of this nature have been in place during the financial year and to the date of signing these financial statements but have not been utilised by the directors.

Disclosure of Information to Auditors

The directors who held office at the date of approval of this directors' report confirm that so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent Auditors

Pursuant to Section 487 of Companies act 2006, PricewaterhouseCoopers LLP has been reappointed as the auditors for RMPA Holdings Limited.

Results and Dividends

The Company's results for the year under review are as detailed in the combined statement of income and retained earnings as shown in the financial statements. The PFI contract is due to expire in 2039; the Group intends to comply with its obligations under the PFI agreement until this date.

The directors paid an interim dividend of £4,961,000 in December 2019 (December 2018: £5,923,000) and recommend the payment of a final dividend in respect of the year ended 31 March 2020 of £7,046,000 (2019: £6,476,000).

Going Concern

As at 31 March 2020, the Group had net assets of £7,966,000 (2019: £9,467,000). The directors have prepared the consolidated financial statements on a going concern basis for the following reasons. The directors have reviewed the projected profits and cash flows by reference to a financial model covering accounting periods up to March 2039. They have also examined the current status of the principal contracts and likely developments in the foreseeable future and note the measures put in place to mitigate the impact of Coronavirus (Covid-19). Having reviewed the financial facilities available to the Company, the directors consider that the Company will be able to settle its liabilities as they fall due for the foreseeable future.

Modern Slavery Act 2015 (the "Act")

The Group has made enquiries of its supply chain and 98% by value have provided confirmation of compliance to the Act.

RMPA Holdings have published an annual Modern Slavery Act statement on the following Home Office recommended websites: modernslaveryregistry.org; tiscreport.org

Directors' report *(continued)*

Internal control and Corporate Governance

The Directors are responsible for the Group's system of internal control and for reviewing its effectiveness. They recognise the importance of a robust control environment to mitigate the key risks of the Group and while they consider that the material risks are managed adequately, they have elected to follow certain of the principles which underpin the UK Corporate Governance Code. Responsibility for overseeing the interpretation of this rests with the Board whose terms of reference have been amended accordingly.

Atkins has been appointed as the Quality Assurance advisor and provide a QMS Annual Management Report. As at the date of approval of this Directors' report Atkins have reviewed the effectiveness of the following control environments:

- Routine Financial Controls
- Procurement Systems
- Budgeting and Management Information
- IT Security

The Board has designed the Group's system of internal control in order to provide the shareholders with assurance that its assets are safeguarded, that transactions are authorised and properly recorded and that material errors and irregularities are either prevented or would be detected within a timely period. However, no system of internal control can eliminate the risk of failure to achieve business objectives or provide absolute assurance against material misstatement or loss.

There are no significant issues for the year ended 31 March 2020 that have required the Board to deal with any related material internal control issues.

The directors confirm that the Board has reviewed the effectiveness of the system of internal control as described during the period and confirms that the systems and controls that are currently in place are considered sufficient to be satisfied that all key risks to the business are adequately managed and mitigated.

On behalf of the Board

D. Kelly

D Kelly

Chairman

17 June 2020

Registered Office:

Building P05, Merville Barracks,
Circular Road South, Colchester, CO2 7UT

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company for that period. In preparing the financial statements, the directors are required to:

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

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

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

Independent auditors' report to the members of RMPA Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion, RMPA Holdings Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2020 and of the group's profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the consolidated and company statement of financial position as at 31 March 2020; the consolidated combined statement of income and retained earnings for the year then ended; the consolidated statement of cash flows; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

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

Independence

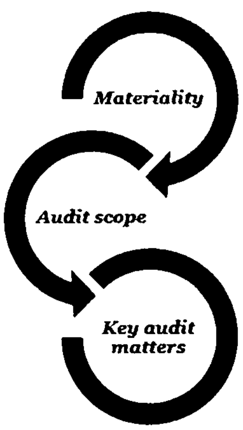
We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the company.

We have provided no non-audit services to the group in the period from 1 April 2019 to 31 March 2020.

Our audit approach

Overview



- Overall group materiality: £656,350 (2019: £659,205), based on 5% of profit on ordinary activities before taxation.

- We conducted an audit on the consolidated financial statements of the group and company as presented within these financial statements.

- Risk of incorrect recognition of turnover as a result of inappropriate calculation and allocation of the unitary charge.
- Impact of the COVID-19 pandemic

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006, the Listing Rules and UK tax legislation, 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. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to manipulation of the distributable reserves available to shareholders, through posting inappropriate journal entries to increase revenue, falsifying underlying expenditure transactions on which the revenue margin is applied or making inappropriate distributions from the company. Audit procedures performed by the engagement team included:

- reviewing legal expenses, obtaining direct confirmation from legal counsel and consideration of any matters throughout the rest of our audit work which indicated risks of non-compliance;
- discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- identifying and testing journal entries, in particular any journal entries posted with unusual account combinations impacting the distributable reserves
- testing the approval of a sample of payments made within the year

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.

Key audit matters

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

Key audit matter	***How our audit addressed the key audit matter***
Risk of incorrect recognition of turnover as a result of inappropriate calculation and allocation of the unitary charge The group is in a service concession arrangement with the Ministry of Defence for the finance, construction, refurbishment and operations of the Colchester Army Garrison. The company accounts for the service concession arrangement as a finance debtor with amortisation and financial income recognised each year at a constant rate. The unitary charge payments received from the Ministry of Defence for the service concession arrangement are allocated to turnover, financial income and the finance debtor amortisation. The allocation to turnover is calculated by applying a margin to the costs incurred in the ongoing maintenance of the asset. This can result in an accrued or deferred position accounted for within a 'unitary charge control account' (UCCA) which is presented within 'Debtors' or 'Creditors' accordingly. Due to the judgement required to estimate the margin and the significant impact that the allocation of the unitary charge payments has on key accounts: turnover, financial income, the finance debtor and the UCCA, including those most susceptible to fraudulent manipulation, we consider this risk to be a key area of focus.	Our audit addressed the risk as follows: We tested a sample of unitary payments received from the Ministry of Defence, agreeing them against invoice and evidence of cash receipt and used this to determine an expectation for total unitary payments received in the year. We did not note any issues from our testing. We re-performed the allocation of the unitary payment between turnover, finance debtor amortisation, financial income and the UCCA and checked that the allocated amounts had been recognised consistently in each of the impacted accounts. We found the calculation to be performed accurately and recognised consistently across the impacted financial statement line items. We also recalculated the revenue recognised by applying the margin to qualifying costs incurred in the year ended 31 March 2020. This was in line with our expectation. In order to address the risk that the underlying cost base is misstated, we have tested the accuracy and occurrence of transactions on a sample basis and performed journals tests to identify any manual journals impacting expense accounts. Our audit work did not identify any issues and we therefore concluded that there was no material misstatement in turnover.

Key audit matter	***How our audit addressed the key audit matter***
Impact of the COVID-19 pandemic COVID-19 was declared a pandemic by the World Health Organisation on 11 March 2020 and the on-going response is having an unprecedented impact on the economy which must be considered as part of the audit. The group is dependent on its sole customer, the Ministry of Defence, for future unitary charge income and relies heavily on one supplier to provide the necessary services under the concession arrangement. As such the company's liquidity and ability to operate throughout the pandemic is largely impacted by these two external parties. Furthermore, the group has borrowings of £422,132,000 listed on the London Stock Exchange and £14,205,000 secured loan notes payable to shareholders. The Company's ability to repay these amounts is dependent on the recoverability of the Financial Asset of £412,858,000 which is receivable from the Ministry of Defence over the remainder of the concession. Because of its significance to the financial statements and to our audit, we concluded that the uncertainty created by the COVID-19 pandemic on the operations of the company was a key audit matter.	Our audit addressed the uncertainty arising from COVID-19 as follows: We obtained copies of correspondence received by the group from the Cabinet Office, the Infrastructure and Projects Authority and the Defence Infrastructure Organisation all of which confirm that Private Finance Initiative work is essential, and that relevant employees and subcontractors are considered key workers during the pandemic. This correspondence also confirmed that COVID-19 was not expected to be a Force Majeure event for concession agreements and that public sector organisations, including the Ministry of Defence, are expected to continue making unitary payments. We have reviewed unitary payments received by the group during the year and post year-end, confirming that the cash has been received in full and performance deductions have not been made since the onset of the pandemic. We have also considered the ability of the group and its contractors to continue delivering against the concession agreement with no issues identified. Correspondence from the Defence Infrastructure Organisation outlines the business continuity measures in place to ensure operational capability is maintained, while allowing for adherence to social distancing measures. Our audit work did not identify any issues in respect of the recoverability of the Financial Asset or future unitary charge income; nor did it identify any concerns in relation to the ability of the company to continue to fulfil the concession agreement.

How we tailored the audit scope

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

We conducted an audit on the consolidated financial statements of the group and company as presented within these financial statements. We performed substantive testing over all material financial statement line items.

Materiality

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

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

Overall group materiality	£656,350 (2019: £659,205).
How we determined it	5% of profit on ordinary activities before taxation.
Rationale for benchmark applied	We believe that profit before tax is the primary measure used by the shareholders in assessing the performance of the group, and is a generally accepted auditing benchmark. We have applied the standard rule of thumb for a public interest entity of 5%.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £32,818 (2019: £32,960) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

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

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

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

Reporting on other information

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

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

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

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

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 6, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the audit committee, we were appointed by the members on 9 December 2015 to audit the financial statements for the year ended 31 March 2016 and subsequent financial periods. The period of total uninterrupted engagement is 5 years, covering the years ended 31 March 2016 to 31 March 2020.

Martin Cowie (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Glasgow
17 June 2020

Consolidated Combined Statement of Income and Retained Earnings for the year ended 31 March 2020

	Note	**2020** **£000**	2019 £000
Turnover	2	**39,669**	38,597
Cost of sales		**(31,082)**	(30,255)
Operating profit		**8,587**	8,342
Interest receivable and similar income	*3*	**31,336**	31,927
Interest payable and similar charges	*4*	**(26,796)**	(27,493)
Other income	*9*	**-**	409
Profit on ordinary activities before taxation	*5*	**13,127**	13,185
Tax on profit	*8*	**(3,191)**	115
Profit for the financial year		**9,936**	13,300
Retained Earnings - Beginning of Year		**9,417**	7,581
Dividends Paid in year	*17*	**(11,437)**	(11,464)
Retained Earnings - End of Year		**7,916**	9,417

All items in the combined statement of income and retained earnings relate to continuing operations in the United Kingdom.

The notes on pages 16 to 27 form part of these financial statements.

Consolidated Statement of Financial Position
as at 31 March 2020

	Note	**2020 £000**	**2020 £000**	2019 £000	2019 £000
Fixed assets	*9*		**7,590**		7,590
Current assets					
Debtors – amounts falling due within one year	*10*	**16,109**		18,314	
Debtors – amounts falling due after more than one year	*10*	**402,513**		412,859	
Short term investments	*11*	**35,276**		27,858	
Cash and cash equivalents	*11*	**9,069**		16,053	
		462,967		475,084	
Creditors: amounts falling due within one year	*12*	**(18,573)**		(18,306)	
Net current assets			**444,394**		456,778
Total assets less current liabilities			**451,984**		464,368
Creditors: amounts falling due after more than one year	*13*		**(426,452)**		(440,526)
Provisions for liabilities	*14*		**(17,566)**		(14,375)
Net assets			**7,966**		9,467
Capital and reserves					
Called up share capital	*18*		**50**		50
Profit and loss account	*19*		**7,916**		9,417
Shareholders' surplus	*19*		**7,966**		9,467

The notes on pages 16 to 27 form part of these financial statements.

These financial statements were approved by the board of directors on 17 June 2020 and were signed on its behalf by:

HdGorman

H O'Gorman
Director
Company registration number: 04943656

Company Statement of Financial Position

for the year ended 31 March 2020

	Note	2020 £000	2019 £000
Fixed assets			
Investments	*16*	**50**	50
Current assets			
Debtors – amounts falling due after more than one year: Secured loan notes	*10*	**15,973**	15,973
Creditors: amounts falling due after more than one year: Secured loan notes	*13*	**(15,973)**	(15,973)
Net assets		**50**	50
Capital and reserves			
Called up share capital	*18*	**50**	50
Profit and loss account	*19*	**-**	-
Shareholders' funds	*19*	**50**	50

The notes on pages 16 to 27 form part of these financial statements.

These financial statements were approved by the board of directors on 17 June 2020 and were signed on its behalf by:

HO'Gorman

H O'Gorman
Director
Company registration number: 4943656

Consolidated Statement of Cash Flows
for the year ended 31 March 2020

	Note	**2020** **£000**	2019 £000
Reconciliation of operating profit to net cash flow from operating activities:			
Profit for the year		**9,936**	13,300
Adjustments for:			
Tax on profit on ordinary activities		**3,191**	(115)
Net Interest Income		**(4,540)**	(4,434)
Other Income		**-**	(409)
Operating profit		**8,587**	8,342
Decrease in debtors		**12,551**	11,839
(Decrease)/Increase in creditors		**(901)**	742
Net cash generated from operating activities		**20,237**	20,923
Cash flow from investing activities			
Interest received		**31,336**	31,927
Interest paid		**(26,397)**	(27,095)
		4,939	4,832
Cash flow from financing activities:			
Repayment of Guaranteed Secured Bonds		**(13,304)**	(12,625)
Land Sales Receipt		**-**	409
Dividends Paid		**(11,437)**	(11,464)
Net cash used in financing activities		**(24,741)**	(23,680)
Net increase in cash and cash equivalents in the year		**435**	2,075
Reconciliation of net cash flow to movement in net debt			
Increase in cash in the year		**435**	2,075
Cash flow used in decrease in debt		**13,304**	12,624
Amortisation of finance raising costs		**(402)**	(397)
Movement in net debt in the year		**13,337**	14,302
Net debt at the start of the year		**(405,329)**	(419,631)
Net debt at the end of the year	*11*	**(391,992)**	(405,329)

The notes on pages 16 to 27 form part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting Policies

Basis of preparation of financial statements

RMPA Holdings Limited is a company limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The address of the registered office is Building P05, Merville Barracks, Circular Road South, Colchester, CO2 7UT.

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards which have been applied consistently throughout the period. The financial statements have been prepared on a going concern basis and in accordance with the historical cost convention. The particular accounting policies adopted by the directors are described below.

Basis of Consolidation

The Group's financial statements consolidate the financial statements of the Company and its subsidiary undertakings. Under section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account. The result for the year was £nil (2019: £nil).

Going Concern

As at 31 March 2020, the Group has net assets of £7,966,000 (2019: £9,467,000), the directors have prepared the consolidated financial statements on a going concern basis for the following reasons. The Company is dependent on the performance of its subsidiary undertaking to meet its liabilities as they fall due. The directors have reviewed the subsidiary's projected profits and cash flows by reference to a financial model covering accounting periods up to March 2039. They have also examined the current status of the subsidiary's principal contracts and likely developments in the foreseeable future, including the impact of Covid-19 as detailed in the strategic report. Having reviewed the financial facilities available to the Company and the subsidiary, the directors consider that the Group and Company will be able to settle their liabilities as they fall due the foreseeable future and in at least the 12 months following the date of approval of the financial statements and accordingly the financial statements have been prepared on a going concern basis.

Turnover

A margin is applied to costs incurred during the year to calculate the turnover credited to the Consolidated Combined Statement of Income and Retained Earnings. This margin is calculated as total income forecast to be receivable over the concession, less amounts applied to the finance debtor as set out below, less all major maintenance and other operating costs forecast to be payable over the concession. Management model these costs over the lifetime of the project to estimate the likely total costs.

Interest

Interest is credited or charged to the Consolidated Combined Statement of Income and Retained Earnings at the effective interest rate, except where it was capitalised into the finance debtor as set out below.

Finance debtor

The Company is an operator of a Private Finance Initiative ("PFI") contract. The underlying asset is not deemed to be an asset of the Company because the risks and rewards of ownership are deemed to lie principally with the MoD.

During the construction phase of the project, all attributable expenditure was included in amounts recoverable on contracts and turnover. Upon becoming operational, the costs were transferred to the finance debtor. During the operational phase income is allocated between interest receivable and the finance debtor using a project specific interest rate. The remainder of the PFI unitary charge income is included within turnover.

The Company recognises income in respect of the services provided as it fulfils its contractual obligations in respect of those services and in line with the fair value of the consideration receivable in respect of those services.

Fixed Assets

Land held under a 150 year lease is held at cost and is not depreciated.

Notes *(continued)*

1 Accounting Policies *(continued)*

Financial Instruments

Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument. The principal financial assets and liabilities of the Company are as follows:

Trade debtors

Trade debtors are initially recognised at transaction price and then are stated at amortised cost.

Cash and Cash Equivalents

Cash and cash equivalents are carried in the Statement of Financial Position at nominal value and include cash in hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less and total £9,069,000 (2019: £16,053,000). There is £35,276,000 (2019: £27,858,000) retained in short term deposit accounts with maturities of more than three and less than twelve months.

Trade creditors

Trade creditors are initially recognised at transaction price and then are stated at amortised cost.

Bank *and other borrowings*

Interest bearing bank loans and other loans are recognised initially at fair value. All borrowings are subsequently stated at amortised cost with the difference between initial net proceeds and redemption value recognised in the profit and loss account over the period to redemption.

Critical Accounting Estimates and Judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements 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 Judgements

The judgements (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) Income Taxation

Deferred Tax

FRS 102, Deferred Taxation, requires full provision for timing differences which have originated at the balance sheet date and which could give rise to an obligation to pay more or less tax in the future. Deferred tax assets are recognised without discounting to the extent that it is regarded more likely than not that they will be recovered. Deferred tax is measured using the 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 timing difference. Judgements are required to be made as to the calculation and identification of temporary differences and in the case of 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 judgement requires the Directors to forecast information over a long time horizon having regard of the risks that the forecast may not be achieved and then form a reasonable opinion as to the recoverability of the deferred taxation asset.

Notes *(continued)*

1 Accounting Policies *(continued)*

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 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 future cash flows that could be generated by the potentially impaired asset or assets, together with an appropriate discount rate to apply to those cash flows.

ii) Accounting for Service Concession Arrangements

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

2 Turnover

	2020	2019
	£000	£000
Facilities Maintenance Service Income	**39,427**	38,374
Sundry sales to MoD	**26**	7
Release of deferred income on headlease residual	**216**	216
	39,669	38,597

3 Interest receivable and similar income

	2020	2019
	£000	£000
Finance debtor interest income	**30,860**	31,542
Bank interest received	**476**	385
	31,336	31,927

Notes *(continued)*

4 Interest payable and similar charges

	2020	2019
	£000	£000
Interest payable on Guaranteed Secured Bonds	**24,248**	24,956
Interest payable on Secured Loan Notes	**2,146**	2,140
Amortisation of debt costs	**402**	397
	26,796	27,493

5 Profit on ordinary activities before taxation is stated after charging:

	2020	2019
	£000	£000
Fees paid to the auditor:		
Audit of these financial statements	**20**	16

6 Staff numbers and costs

The monthly average number of persons employed by the Group (including directors) during the year was 11 (2019: 11).

	2020	2019
	£000	£000
Wages and salaries	**543**	611
Social security costs	**67**	72
Other pension costs	**47**	49
	657	732

Short term benefits, including holiday pay and other non-monetary benefits, are recognised as an expense in the period in which the benefit is provided. The Company contributes to defined contribution pension schemes for its employees. Once the contributions have been made the company has no further payment obligations and the contributions are recognised as an expense when they are due. The total cost in the year was £47,000 (2019: £49,000). At 31 March 2020 contributions of £3,900 (2019: £3,300) were owing to scheme administrators. The Group operates a discretionary bonus plan for employees. An expense is recognised in the income statement when the Group has a legal or constructive obligation to make payments as a result of past events and a reliable estimate of the obligation can be made.

Notes *(continued)*

7 Remuneration of directors

	2020 £000	2019 £000
CP Barrington		
Fees	-	70
Benefits	-	10
D Kelly		
Fees	42	-
Benefits	4	-
Total	46	80
Amounts paid to related parties in respect of directors' services:		
Corn Investment Limited	24	23
Colne TopCo Limited	48	47
Sodexo Investment Services Limited	24	23
	142	173
Number of directors	5	5

Notes *(continued)*

8 Tax on profit

Analysis of charge in year

	2020 £000	2019 £000
UK corporation tax		
Current tax on income for the year	-	-
Deferred tax (note 14)		
Origination/reversal of timing differences	973	3,182
Effect if change in tax rates	1,796	-
Adjustment in respect of prior years	422	(3,297)
Deferred tax	3,191	(115)
Tax charge/(credit) on profit	3,191	(115)

The current tax charge for the year is higher (2019: lower) than the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below.

	2020 £000	2019 £000
Total tax reconciliation		
Profit before tax	13,127	13,184
Tax at 19% *(2019: 19%)*	2,494	2,505
Effects of:		
Expenses not deductible for tax purposes	1,720	1,697
Capital allowances for period in excess of depreciation	(516)	-
Adjustment in respect of prior years	422	(3,297)
Utilisation of tax losses	(2,356)	(756)
Change in tax rates	1,796	(264)
Allowable other expenses	(369)	-
Total tax charge/(credit)	3,191	(115)

During the period, the shareholding consortium transferred tax losses of £12,402,000 (2019: £14,071,000) to RMPA for the financial year ended 31 March 2019 as permitted under S458 CTA 2009 and S97 CTA 2010.

Factors that may affect future current and total tax charges

The March 2016 budget announced that the UK Corporation tax rate will reduce from 19% to 17% effective April 2020. However, this reduction was cancelled in the March 2020 Budget and so the Deferred Tax Liability has been calculated based on the 19% rate as corporation tax is not due until after 2020.

Notes *(continued)*

9 Fixed Assets

	2020 £000	2019 £000
Cost and net book value	**7,590**	7,590

Note: The MoD has an option to break the 150 year headlease at the end of the 35 year contract period, conditional on an indexed cash payment. Cost has been deemed by the directors to be the initial fair value attributed to the residual value of the headlease.

	2020 £000	2019 £000
Profit on disposal	-	409

RMPA disposed of a small parcel of land on behalf of the MOD (NAAFI Arena Site) in March 2018. As permitted by the contract, RMPA was entitled to the first £750,000 of the net proceeds which were received in 2018. The remainder of the profit on disposal was the subject of a sharing mechanism in accordance with the contract and was agreed in financial year 2018/19 which resulted in an additional receipt of £409,000.

10 Debtors

	Company		Group	
	2020 £000	2019 £000	**2020 £000**	2019 £000
Amounts falling due within one year:				
Trade debtors	-	-	**11**	123
Unitary charge control account	-	-	**5,126**	7,976
Finance debtor	-	-	**10,345**	9,611
Other debtors	-	-	**60**	38
Prepayments	-	-	**567**	566
	-	-	**16,109**	18,314
Amounts falling due after more than one year:				
Finance debtor	-	-	**402,513**	412,859
Secured loan note	**15,973**	15,973	-	-

Notes *(continued)*

11 Analysis of net debt

	At beginning of year £000	Cash flow £000	Non-cash movements £000	At end of year £000
Short Term Investments	27,858	7,418	-	**35,276**
Cash and Cash Equivalents	16,053	(6,984)	-	**9,069**
Debt falling due within one year	(12,916)	13,304	(14,799)	**(14,411)**
Debt falling due after more than one year	(436,324)	-	14,398	**(421,926)**
	(405,329)	13,738	(401)	**(391,992)**

Cash and cash equivalents are carried in the balance sheet at nominal value and includes cash in hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less. There is £35,276,000 (2019: £27,858,000) retained in short term deposit accounts with maturities of more than three and less than twelve months.

12 Creditors: amounts falling due within one year

	Company		Group	
	2020 £000	2019 £000	**2020 £000**	2019 £000
Guaranteed secured bonds (see notes)	-	-	**14,411**	12,916
Trade creditors	-	-	**269**	278
VAT Payable	-	-	**1,834**	1,828
Deferred Creditor - MOD	-	-	-	1,530
Other creditors	-	-	**405**	21
Accruals	-	-	**1,438**	1,517
Deferred income – Headlease residual value		-	**216**	216
	-	-	**18,573**	18,306

Notes *(continued)*

13 Creditors: amounts falling due after more than one year

	Company		Group	
	2020	2019	**2020**	2019
	£000	£000	**£000**	£000
Guaranteed secured bonds (see notes)	**-**	-	**407,721**	422,132
Deferred income – Headlease residual value	**-**	-	**3,896**	4,112
Deferred creditor – MoD	**-**	-	**630**	90
Secured loan notes	**15,973**	15,973	**14,205**	14,192
	15,973	15,973	**426,452**	440,526

Listed bonds were issued in February 2004 to provide funding to finance the construction phase of the contract and are repayable on a scheduled basis from 2010 to 2038. Unamortised finance costs of £5,232,000 (2019: £5,620,000) associated with the listed bonds are held against the outstanding balance measured at amortised cost using the effective interest method in accordance with FRS 102 Section 11. Fixed-rate bond interest of 5.337% pa is payable half yearly in arrears on 31 March and 30 September, with £349,245,000 being repayable in more than 5 years' time (2019: £366,567,000): The bonds are guaranteed as to payment of principal and interest by Ambac Assurance UK Ltd.

Unamortised finance costs of £1,768,000 (2019: £1,782,000) associated with the Secured Loan Notes are held against the outstanding balance measured at amortised cost using the effective interest method in accordance with FRS 102 Section 11. Loan notes are redeemable in March 2039; earlier redemptions are at the discretion of the shareholders of RMPA Holdings Limited.

Fixed-rate Secured Loan Note interest of 13.4% pa is payable half yearly in arrears on 31 March and 30 September.

14 Provisions for liabilities

	2020	2019
	£000	£000
Deferred tax liability	**17,566**	14,375
The elements of the deferred tax liability are as follows		
Capital allowances in excess of depreciation	**16,646**	16,187
Other timing difference	**1,339**	(894)
Trading losses	**(419)**	(918)
	17,566	14,375

Notes *(continued)*

15 Financial Instruments

Financial risk management policies and objectives

The Company's principal financial instruments comprise short term bank deposits, guaranteed bonds and secured loan notes. The main purpose of these financial instruments is to ensure, via the terms of the financial instruments, that the profile of the debt service costs is tailored to match expected revenues arising from the project agreement.

The Company does not undertake financial instrument transactions which are speculative or unrelated to the Company's trading activities. Board approval is required for the use of any new financial instrument, and the Company's ability to do so is restricted by covenants in its existing funding agreements.

Exposure to liquidity, credit and interest rate risks arise in the normal course of the Company's business.

Liquidity Risk

The directors perceive little financial or liquidity risk in respect of the finance debtor. The forecast revenue receipts from Ministry of Defence comfortably exceed the value of the finance debtor.

Credit Risk

Although the Ministry of Defence is the only client of the Company, the directors are satisfied that it will be able to fulfil its obligations under the PFI contract, which are also underwritten by the Secretary of State for Defence.

Interest Rate Risk

The Directors consider there to be minimal risk in relation to the debt instruments as they are at fixed interest rates.

All financial assets and financial liabilities at 31 March 2020 and 31 March 2019 are measured at amortised cost.

Notes *(continued)*

16 Related undertakings fixed assets

RMPA Holdings Limited retains shareholdings in the following related undertakings

	Holding	Number of shares
Allotted, called up and fully paid		
RMPA Services Plc Ordinary shares of £1 each	99%	49,999
RMPA Nominees Limited Ordinary shares of £1 each	100%	1
Total		50,000

The balances of Secured Loan Notes outstanding are:

	2020	2019
	£000	£000
Corn Investments Limited	**8,945**	8,945
Colne TopCo Limited	**6,708**	6,708
Sodexo Investment Services Limited	**320**	320
	15,973	15,973

Note 4 details interest payable charged in respect of Secured Loan Notes. The amounts paid to respective debenture holders are:

	2020	2019
	£000	£000
Corn Investments Limited	**1,202**	1,198
Colne TopCo Limited	**901**	899
Sodexo Investment Services Limited	**43**	43
	2,146	2,140

17 Dividends

	2020	2019
	£000	£000
Interim 2020 £99.22 per share (2019: Interim 2019 £118.46 per share) paid	**4,961**	5,923
Final 2019 £129.52 per share (2019: Final 2018 £110.82 per share) paid	**6,476**	5,541
	11,437	11,464

The directors recommend a final dividend of £7,046,000 (£140.92 per share) for the year ended 31 March 2020.

Notes *(continued)*

18 Called up share capital

	2020	2019
	£000	£000
Allotted, called up and fully paid		
50,000 (2019: 50,000) Ordinary shares of £1 each, issued and paid up	50,000	50

19 Reconciliation of movements in shareholders' funds

Group	Profit & loss account	Called up share Capital	Total shareholders' fund
	£000	£000	£000
At beginning of year	9,417	50	9,467
Profit for the financial year	9,936	-	9,936
Dividend paid in year	(11,437)	-	(11,437)
At end of year	**7,916**	**50**	**7,966**

Company	Profit & loss account	Called up share capital	Total
	£000	£000	£000
At beginning of year	-	50	50
Profit for the financial year	-	-	-
At end of year	**-**	**50**	**50**

20 Related parties

The Group entered into the following material transactions with related parties:

Corn Investments Limited (56%) and Colne Topco Limited (42%) are the two principal shareholders in RMPA Holdings Limited, the holding company for RMPA Services Plc.

Trade Creditors due within one year include £nil (2019: £nil) due to Corn Investments Limited and £nil (2019: £nil) due to Colne Topco Limited.

Note 7 details amounts charged by related parties for the services of directors.

21 Controlling parties

The company was controlled by the following shareholders:

56% - Corn Investments Limited.

42% - Colne TopCo Limited.

2% - Sodexo Investment Services Limited.