RMPA Holdings Limited

Annual report and consolidated financial statements

Registered number 04943656

31 March 2023

Contents

Strategic report

Review of the business and 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 £14,542,000 (2022: £13,571,000), resulting, after tax and dividends paid in a net surplus in shareholders' funds of £12,177,000 at the end of the year (2022: £5,449,000). The Directors remain confident that all creditors will be paid as and when they become due. Net current assets have decreased from £420,071,000 to £415,319,000 as a result of the amortisation of the finance debtor. The current assets include finance debtor due after more than 1 year of £366,492,000 (2022: £379,393,000). The directors consider that this is recoverable in full.

Future Developments

Given the nature of the PFI contract, future developments mostly relate to managing the lifecycle of the facility and closing out building defects with the construction contractor.

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 subcontractor. Contractual default by the subcontractor 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 subcontractor; however, penalties imposed by the MoD will be passed onto the subcontractor under the terms of the subcontracts. Agreed performance deductions incurred for the year ended 31 March 2023 totalled £384,000 (2022: £26,000).

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)*

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 contractor. 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 contractor 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 subcontractor. 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 2023 mainly related to health and safety considerations and closing out remaining defects.

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 contractor and client, to ensure minimum disruption to the users of the facility and the safety of the users and the contractor's employees.

The Group takes pride in its community engagement and many of the sports and recreational facilities which are maintained as part of the project are located outside of the security cordon and are available for schools and local clubs to use. There are also large areas of publicly accessible open space, which are maintained under the contract and generate environmental benefits and wellbeing for the whole community.

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 Group is in compliance with its key covenants, Historic Debt Service Cover Ratio at 1.18x (2022:1.32x), Projected Debt Service Cover Ratio at 1.32x (2022:1.22x) and Loan Life Cover Ratio at 1.52x (2022:1.53x), and that there are no other key performance indicators that require disclosure for an understanding of the development, performance, or position of the Group.

Approved by the Board and signed on its behalf by:

JS Gordon

S Gordon, Director

21 June 2023

Registered Office:

Building P05, Merville Barracks,

Circular Road South, Colchester, Essex CO2 7UT

Directors' report

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

Directors

The directors who were in office during the year and to the date of signing this report were as follows:

D Kelly (Resigned 31st March 2023)

SA Carter

J McDonagh

S Gordon (Appointed 1st May 2023)

H O'Gorman (Resigned 30th April 2023)

VCT Menzies

J Cowdell (Alternate Director)

A Cox (Alternate Director)

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. Qualifying 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.

Future developments

Future developments are detailed in the Strategic report on Page 1.

Disclosure of Information to Auditor

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 auditor is 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 auditor is aware of that information.

Independent Auditor

A resolution to re-appoint Johnston Carmichael LLP as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 485 of the Companies Act 2006.

Results and Dividends

The Group'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 £3,000,000 in December 2022 (December 2021: £5,006,000) and recommend the payment of a final dividend in respect of the year ended 31 March 2023 of £3,000,000 (2022: £5,000,000).

Going Concern

As at 31 March 2023, the Group had net assets of £12,177,000 (2022: £5,449,000). 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. Having reviewed the financial facilities available to the Group, the directors consider that the Group will be able to settle its liabilities for at least 12 months following the date of approval of these financial statements.

Directors' report *(continued)*

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 Ltd have published an annual Modern Slavery Act statement on the following Home Office recommended websites: tiscreport.org and gov.uk

Streamlined Energy and Carbon Reporting (SECR)

The Group owns approximately 150 buildings on Colchester Garrison, consisting of accommodation blocks, training facilities, offices, and diners. These are leased to the MoD under the PFI contract which expires in 2039. The Group does not control the operation of the buildings and the energy costs are paid directly by the MOD, and therefore the associated energy use is excluded from the Group's reporting.

The Group has 6 permanent employees who incur minimal travel and operate out of a small office space in a shared building; the Group itself is a low energy user as energy consumption is below 40,000kwh per annum and so the Group falls below the reporting requirement under the Task Force on Climate related Financial Disclosures (TCFD). However, the Board recognise there is a part to play in helping the MoD achieve their target to reach net zero by 2050.

Given the large number of buildings on site, the greenhouse gas emissions are significant and while the MoD is responsible for the utility bills and the behaviours of military personnel, the Group actively support the MoD in monitoring and reducing the greenhouse gas emissions, which includes reporting Scope 1, 2 and 3 emissions and the tendering and oversight of a net zero study to determine what actions the MoD need to take to reach their net zero target by 2050. The Group also looks for opportunities to improve energy efficiency on site and has already replaced over 80% of the boilers with more efficient models, with the remaining boilers to be replaced over the next 2 years. An LED lighting upgrade project is also in progress with over a third of lighting on site currently being LED, which includes all living accommodation. The facility is expected to be 100% LED by 2028.

The climate risks to Colchester Garrison have been assessed using a climate model named ACCRIS (Allianz Climate Change Risk Score), developed by Allianz Capital Partners. This model rates the risk of various climate events from 1 to 9. The risk to Colchester Garrison was rated at 2 or below for all events except for wind, which was rated at 5.4. However, experience on site from several strong wind events has proven that the risk in reality is very low.

EU Taxonomy

During the year ended 31 March 2022 the Group carried out assessments to determine the EPC ratings of each of the buildings. This confirmed 0.2% of buildings were A rated and 82.8% were B rated, meaning the project is 0.2% compliant for EU taxonomy.

The Board has a strong corporate governance framework and works closely with Sodexo, the key contractor, to ensure there are robust environmental, social, and governance policies and that Minimum Safeguards are in place. The business also meets the 'Do No Significant Harm' directive for EU taxonomy.

Financial Instruments

Financial risk management policies and objectives are outlined in Note 15.

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.

Directors' report *(continued)*

Atkins has been appointed as the Group's 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 2023 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

JS Gordon

S Gordon

Director

21 June 2023

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 auditor's report to the members of RMPA Holdings Limited For the Year Ended 31 March 2023

Opinion

We have audited the financial statements of RMPA Holdings Limited ('the parent company'), and its subsidiaries ('the group) for the year ended 31 March 2033, which comprise the Consolidated Combined Statement of Income and Retained Earnings, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows 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 group's and of the parent company's affairs as at 31 March 2023, and of its profit for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor responsibilities for the audit of the financial statements section of our report. We are independent of the group 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 group or parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.
Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.
We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- The information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- The parent company 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 Statement of Directors' Responsibilities set out on page 7, 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 group's and parent 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 group or parent company or to cease operations, or have no realistic alternative but to do so.

Auditor 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 our auditor's report.

Extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.
We assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations by considering their experience, past performance and support available.

All engagement team members were briefed on relevant identified laws and regulations and potential fraud risks at the planning stage of the audit. Engagement team members were reminded to remain alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.
We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and the parent company and the sector in which they operate, 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:

- Companies Act 2006;
- UK Corporation taxes legislation; and
- UK Generally Accepted Accounting Practice.

We gained an understanding of how the group and the parent company are 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 group's 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
- Revenue recognition

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

- Reviewing minutes of meetings of those charged with governance for reference to: breaches of laws and regulation or for any indication of any potential litigation and claims; and events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud;
- Reviewing the level of and reasoning behind the parent company and group'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 parent company and group's compliance with the Companies Act 2006; and
- Agreement of the financial statement disclosures to supporting documentation.

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

Use of our report

This report is made solely to the parent 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 parent 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Johnston Carmichael LLP

Grant Roger (Senior Statutory Auditor)
For and behalf of Johnston Carmichael LLP
Statutory Auditor
Edinburgh, United Kingdom

22 / 06 / 2023

Consolidated Combined Statement of Income and Retained Earnings for the year ended 31 March 2023

	Note	2023 £000	2022 £000
Turnover	2	**46,416**	43,540
Cost of sales		**(36,397)**	(34,134)
Operating profit		**10,019**	9,406
Interest receivable and similar income	3	**28,948**	29,420
Interest payable and expenses	4	**(24,425)**	(25,255)
Profit before taxation	5	**14,542**	13,571
Tax on profit	8	**186**	(8,547)
Profit for the financial year		**14,728**	5,024
Retained Earnings - Beginning of Year		**5,399**	9,391
Profit for the financial year		**14,728**	5,024
Dividends Paid in year	17	**(8,000)**	(9,016)
Retained Earnings - End of Year		**12,127**	5,399

All items in the Combined Statement of Income and Retained Earnings relate to continuing operations in the United Kingdom.

The notes on pages 17 to 28 form part of these financial statements.

Consolidated Statement of Financial Position
as at 31 March 2023

	Note	**2023 £000**	**2023 £000**	2022 £000	2022 £000
Fixed assets	*9*		**7,590**		7,590
Current and non-current assets					
Debtors – amounts falling due within one year	*10*	**15,633**		12,760	
Debtors – amounts falling due after more than one year	*10*	**366,492**		379,393	
Short term investments	*11*	**48,826**		42,921	
Cash and cash equivalents	*11*	**6,080**		9,504	
		437,031		444,578	
Creditors: amounts falling due within one year	*12*	**(21,712)**		(24,507)	
Net current assets			**415,319**		420,071
Total assets less current liabilities			**422,909**		427,661
Creditors: amounts falling due after more than one year	*13*		**(386,266)**		(397,362)
Provisions for liabilities	*14*		**(24,466)**		(24,850)
Net assets			**12,177**		5,449
Capital and reserves					
Called up share capital	*18*		**50**		50
Profit and loss account			**12,127**		5,399
Shareholders' surplus			**12,177**		5,449

The notes on pages 17 to 28 form part of these financial statements.

These financial statements were approved by the board of directors on 21 June 2023 and were signed on its behalf by:

JS Gordon

S Gordon
Director
Company registration number: 04943656

Company Statement of Financial Position
for the year ended 31 March 2023

	Note	2023 £000	2022 £000
Fixed assets			
Investments	*16*	**50**	50
Current assets			
Debtors – amounts falling due after more than one year	*10*	**15,973**	15,973
Creditors: amounts falling due after more than one year	*13*	**(15,973)**	(15,973)
Net assets		**50**	50
Capital and reserves			
Called up share capital	*18*	**50**	50
Profit and loss account		**-**	-
Shareholders' funds		**50**	50

The company result for the year was £8,000,000 (2022: £9,016,000) which was subsequently paid out in dividends as detailed in the Company Statement of Changes in Equity.

The notes on pages 17 to 28 form part of these financial statements.

These financial statements were approved by the board of directors on 21 June 2023 and were signed on its behalf by:

JS Gordon

S Gordon
Director
Company registration number: 4943656

Consolidated Statement of Changes in Equity
Year ended 31 March 2023

	Note	Called up share capital £000	Profit and loss account £000	**Total equity £000**
At 1 April 2021		50	9,391	**9,441**
Profit for the financial year		-	5,024	**5,024**
Dividends paid	*17*	-	(9,016)	**(9,016)**
At 31 March 2022		50	5,399	**5,449**
Profit for the financial year		-	14,728	**14,728**
Dividends paid	*17*	-	(8,000)	**(8,000)**
At 31 March 2023		50	**12,127**	**12,177**

Company Statement of Changes in Equity
Year ended 31 March 2023

	Note	Called up share capital £000	Profit and loss account £000	**Total equity £000**
At 1 April 2021		50	-	**50**
Profit for the financial year		-	9,016	**9,016**
Dividends paid	*17*	-	(9,016)	**(9,016)**
At 31 March 2022		50	-	**50**
Profit for the financial year		-	8,000	**8,000**
Dividends paid	*17*	-	(8,000)	**(8,000)**
At 31 March 2023		50	-	**50**

The notes on pages 17 to 28 form part of these financial statements.

Consolidated Statement of Cash Flows
for the year ended 31 March 2023

	Note	2023 £000	2022 £000
Reconciliation of operating profit to net cash flow from operating activities:			
Profit for the year		**14,728**	5,024
Adjustments for:			
Tax on profit on ordinary activities		**(186)**	8,547
Net Interest Income		**(4,523)**	(4,165)
Operating profit		**10,019**	9,406
Decrease in debtors		**10,028**	11,121
Increase in creditors		**1,086**	3,238
Net cash generated from operating activities		**21,133**	23,765
Cash flow from investing activities			
Interest received		**28,948**	29,420
		28,948	29,420
Cash flow from financing activities:			
Repayment of Guaranteed Secured Bonds		**(15,583)**	(14,783)
Interest paid		**(24,017)**	(24,849)
Dividends paid		**(8,000)**	(9,016)
Net cash used in financing activities		**(47,600)**	(48,648)
Net increase in cash and cash equivalents in the year		**2,481**	4,537
Opening cash		**52,425**	47,888
Closing cash		**54,906**	52,425
Reconciliation of net cash flow to movement in net debt			
Increase in cash in the year		**2,481**	4,537
Cash flow used in decrease in debt		**15,583**	14,783
Amortisation of finance raising costs		**(406)**	(406)
Movement in net debt in the year		**17,658**	18,914
Net debt at the start of the year		**(355,916)**	(374,830)
Net debt at the end of the year	*11*	**(338,258)**	(355,916)

The notes on pages 17 to 28 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 private 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, including Financial Reporting Standard 102, which have been applied consistently throughout the period and comparative period. The presentation currency of these financial statements is Pound Sterling and is rounded to the nearest thousand. 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 RMPA Holdings is a qualifying entity and is exempt from the requirement to present its own profit and loss account. The result for the year was £8,000,000 (2022: £9,016,000).

Going Concern

As at 31 March 2023, the Group has net assets of £12,177,000 (2022: £5,449,000), 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. 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. Sundry sales are recognised when the service is provided and deferred income on a straight-line basis over the life of the contract.

Taxation

Current tax, including UK corporation tax is provided at amounts expected to be paid (or recovered) using the rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the statement of financial position date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

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.

Notes *(continued)*

1 Accounting Policies*(continued)*

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.

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 £6,080,000 (2022: £9,504,000). There is £48,826,000 (2022: £42,921,000) retained in short term deposit accounts with maturities of more than three and less than twelve months.

Restricted Cash Balance

The Group is obligated to keep a separate cash reserve in respect of future lifecycle costs and future debt costs and to keep reserves in accordance with the funding documents. This restricted cash balance, which is shown on the Statement of Financial Position within 'Short term investments' amounts to £48,826,000 (2022: £42,921,000).

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:

Notes *(continued)*

1 Accounting Policies*(continued)*

i) Impairment of assets

The carrying value of those assets recorded in the Group and 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.

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) 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

	2023	2022
	£000	£000
Facilities Maintenance Service Income	**46,195**	43,319
Sundry sales to MoD	**5**	5
Release of deferred income on headlease residual	**216**	216
	46,416	43,540

3 Interest receivable and similar income

	2023	2022
	£000	£000
Finance debtor interest income	**28,486**	29,336
Bank interest received	**462**	84
	28,948	29,420

Notes *(continued)*

4 Interest payable and expenses

	2023	2022
	£000	£000
Interest payable on Guaranteed Secured Bonds	**21,879**	22,709
Interest payable on Secured Loan Notes	**2,140**	2,140
Amortisation of debt costs	**406**	406
	24,425	25,255

5 Profit before taxation

Profit before taxation is stated after charging:

	2023	2022
	£000	£000
Fees paid to the auditor:		
Audit of RMPA Holdings consolidated financial statements	**6**	5
Audit of RMPA Services Plc	**27**	21

The audit fee of £6,000 in respect of RMPA Holdings (2022: £5,000) was borne by RMPA Services Plc.

6 Staff numbers and costs

The monthly average number of persons employed by the Group (including directors) during the year was 11 (2022: 11).

	2023	2022
	£000	£000
Wages and salaries	**554**	551
Social security costs	**70**	67
Other pension costs	**48**	48
	672	666

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 Group contributes to defined contribution pension schemes for its employees. Once the contributions have been made the Group has no further payment obligations and the contributions are recognised as an expense when they are due. The total cost in the year was £48,000 (2022: £48,000). At 31 March 2023 contributions of £4,500 (2022: £4,200) were owing to scheme administrators. The Group operates a discretionary bonus plan for employees. An expense is recognised in the Combined Statement of Income and Retained Earnings 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

	2023	2022
	£000	£000
D Kelly		
Fees	**20**	50
Benefits	**6**	5
Total	**26**	55
Amounts paid to related parties in respect of directors' services:		
Corn Investment Limited	**27**	25
Colne TopCo Limited	**54**	50
Sodexo Investment Services Limited	**27**	25
	108	100
	134	155
Number of directors	**5**	5

Notes *(continued)*

8 Tax on profit

Analysis of (credit)/charge in year

	2023	2022
	£000	£000
UK corporation tax		
Current tax on income for the year	**198**	384
Deferred tax (note 14)		
Origination/reversal of timing differences	**1,653**	1,998
Effect of change in tax rates	**-**	5,964
Adjustment in respect of prior years	**(2,037)**	201
Deferred tax	**(384)**	8,163
Tax (credit)/charge on profit	**(186)**	8,547

The current tax charge for the year is lower (2022: higher) than the standard rate of corporation tax in the UK of 19% (2022: 19%). The differences are explained below.

	2023	2022
	£000	£000
Total tax reconciliation		
Profit before tax	**14,542**	13,571
Tax at 19% *(2022: 19%)*	**2,763**	2,579
Effects of:		
Expenses not deductible for tax purposes	**(45)**	2,432
Capital allowances for period in excess of depreciation	**(631)**	(631)
Adjustment in respect of prior years	**(2,037)**	201
Utilisation of tax losses	**2,033**	347
Change in tax rates	**-**	5,964
Allowable other expenses	**(2,269)**	(2,345)
Total tax (credit)/charge	**(186)**	8,547

During the period, the shareholding consortium transferred tax losses of £22,315,000 (2022: £10,444,000) to RMPA for the financial year ended 31 March 2022 as permitted under S458 CTA 2009 and S97 CTA 2010.

In the March 2021 budget, the government announced an increase in corporation tax from 19% to 25%, effective 1st April 2023. This announcement was enacted in May 2021 and the deferred tax liability has been based on the 25% rate as all future corporation tax is not due until after 1st April 2023.

Notes *(continued)*

9 Fixed Assets

	2023	2022
	£000	£000
Headlease 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.

10 Debtors

	Company		**Group**	
	2023	2022	**2023**	2022
	£000	£000	**£000**	£000
Amounts falling due within one year:				
Trade debtors	-	-	**232**	159
Finance debtor	-	-	**12,901**	11,985
Other debtors	-	-	**36**	56
Prepayments	-	-	**2,464**	560
	-	-	**15,633**	12,760
Amounts falling due after more than one year:				
Finance debtor	-	-	**366,492**	379,393
Amounts owed by group undertakings:				
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	42,921	5,905	-	**48,826**
Cash and Cash Equivalents	9,504	(3,424)	-	**6,080**
Debt falling due within one year	(15,970)	15,583	(15,650)	**(16,037)**
Debt falling due after more than one year	(392,371)	-	15,244	**(377,127)**
	(355,916)	18,064	(406)	**(338,258)**

Cash and cash equivalents are carried in the Statement of Financial Position 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 £48,826,000 (2022: £42,921,000) retained in short term deposit accounts with maturities of more than three and less than twelve months.

There were no movements in net debt for the Company

12 Creditors: amounts falling due within one year

	Company		Group	
	2023 £000	2022 £000	**2023 £000**	2022 £000
Guaranteed secured bonds (see note 13)	-	-	**16,037**	15,970
Trade creditors	-	-	**221**	473
VAT Payable	-	-	**1,878**	1,833
Deferred creditor – MoD	-	-	-	1,643
Other creditors	-	-	**30**	236
Accruals	-	-	**3,330**	4,136
Deferred income – Headlease residual value		-	**216**	216
	-	-	**21,712**	24,507

Notes *(continued)*

13 Creditors: amounts falling due after more than one year

	Company		Group	
	2023	2022	**2023**	2022
	£000	£000	**£000**	£000
Guaranteed secured bonds (see notes)	-	-	**362,869**	378,133
Deferred creditor – MoD	-	-	**564**	-
Secured loan notes	**15,973**	15,973	**14,258**	14,238
Deferred income – Headlease residual value	-	-	**3,246**	3,463
Unitary charge control account	-	-	**5,329**	1,528
	15,973	15,973	**386,266**	397,362

Guaranteed secured 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. The bonds and loan notes are secured by charges over substantially all of the assets of RMPA Holdings Ltd. Unamortised finance costs of £4,069,000 (2022: £4,455,000) 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. Included within the bond balance above is £291,517,000 repayable in more than 5 years' time (2022: £311,781,000). The bonds are guaranteed as to payment of principal and interest by Ambac Assurance UK Ltd.

Unamortised finance costs of £1,715,000 (2022: £1,735,000) 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

	2023	2022
	£000	£000
Deferred tax liability	**24,466**	24,850
The elements of the deferred tax liability are as follows		
Capital allowances in excess of depreciation	**24,626**	25,402
Other timing difference	-	-
Trading losses	**(160)**	(552)
	24,466	**24,850**

In the March 2021 budget, the government announced an increase in corporation tax from 19% to 25%, effective 1st April 2023. This announcement was enacted in May 2021 and the deferred tax liability has been based on the 25% rate as the majority of corporation tax is not due until after 1st April 2023.

Notes *(continued)*

15 Financial Instruments

Financial risk management policies and objectives

The Group'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 Group does not undertake financial instrument transactions which are speculative or unrelated to the Group's trading activities. Board approval is required for the use of any new financial instrument, and the Group'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 Group'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 and, in our experience, the Ministry of Defence have a good track record of paying invoices within agreed terms.

Credit Risk

Although the Ministry of Defence 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 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 2023 and 31 March 2022 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:

	2023 **£000**	2022 £000
Corn Investment 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 loan note holders are:

	2023 **£000**	2022 £000
Corn Investment Limited	**1,198**	1,198
Colne TopCo Limited	**899**	899
Sodexo Investment Services Limited	**43**	43
	2,140	2,140

17 Dividends

	2023 **£000**	2022 £000
Final 2022 £100.00 per share (2022: Final 2021 £80.20 per share) paid	**5,000**	4,010
Interim 2023 £60.00 per share (2022: Interim 2022 £100.12 per share) paid	**3,000**	5,006
	8,000	9,016

The directors recommend a final dividend of £3,000,000 (£60.00 per share) for the year ended 31 March 2023 (2022: 5,000,000 (£100.00 per share)).

Notes *(continued)*

18 Called up share capital

	2023	2022
	£000	£000
Allotted, called up and fully paid		
50,000 (2022: 50,000) Ordinary shares of £1 each, issued and paid up	50	50

19 Related parties

Corn Investment Limited (56%) and Colne Topco Limited (42%) are the two principal shareholders in RMPA Holdings Limited, the holding company for RMPA Services Plc. The Company has not entered into any material transactions with related parties during the year with the exception of interest paid on Secured Loan Notes as detailed in note 4. The Secured Loan Notes detailed in note 16 are the only balances outstanding at year end.

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

20 Controlling parties

The company was controlled by the following shareholders:

56% - Corn Investment Limited.

42% - Colne TopCo Limited.

2% - Sodexo Investment Services Limited.