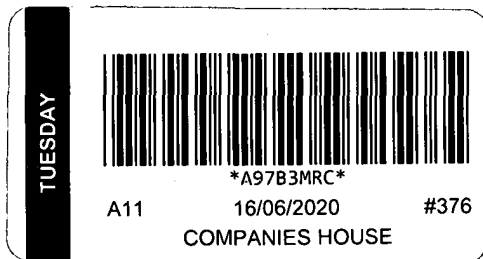


COMPANY NO: 05317921

CLEVELAND FM SERVICES (HOLDINGS) LIMITED

Annual Report and Financial Statements

Year ended 31 December 2019



Cleveland FM Services (Holdings) Limited Year Ended 31 December 2019

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Cleveland FM Services (Holdings) Limited Year Ended 31 December 2019

Company information

Directors	Michael Donn Karen Hill Richard Burge Stephen Gordon
Secretary	Imagile Secretariat Services Limited Third Floor Broad Quay House Prince Street Bristol United Kingdom BS1 4DJ
Registered office	Third Floor Broad Quay House Prince Street Bristol United Kingdom BS1 4DJ
Registered number	05317921
Auditor	BDO LLP 55 Baker Street London W1U 7EU
Bankers	Bank of Scotland Plc PO Box 545 Faryners House 25 Monument Street London EC3R 8BQ

Cleveland FM Services (Holdings) Limited Year Ended 31 December 2019

Directors' Report

The directors have pleasure in submitting their report and the financial statements for the year ended 31 December 2019.

Principal activities and business review

The company is an investment holding company whose sole business is the holding of an investment in its wholly owned subsidiary, Cleveland FM Services Limited, a private finance initiative concessionaire. The company does not trade in its own right and there has not been any operating income or expenditure in the year.

The subsidiary company's concession agreement requires it to finance, design, construct and then maintain new facilities for Cleveland Police Authority for a primary concession period of twenty-five years from their completion.

Work commenced on the development of the buildings on 31 March 2005. Service commencement at the smaller divisional headquarters and office accommodation occurred in November and December 2006, and at the main headquarter in February 2007.

During the year under review the company made a profit on ordinary activities after taxation of £235,000 (2018: £312,000).

A dividend of £235,000 (2018: £312,000) was paid in the year.

Principal risks and uncertainties

The Cleveland Police Authority is the sole client of the subsidiary company but the directors consider that no risk arises from this since the Home Secretary has underwritten the Authority's obligations. Performance risk under the Project Agreement and related contracts is passed on to the service providers and to the building contractor. The obligations of these subcontractors are underwritten by parent company guarantees.

Financial risk management policies and objectives

The subsidiary company's principal financial instruments comprise short term bank deposits, bank debt at LIBOR plus a bank margin with a swap contract in place to hedge interest rates.

The subsidiary company does not undertake financial instrument transactions which are speculative or unrelated to the company's trading activities. The subsidiary company's funding has been arranged using the principles of project finance with the terms of the financial instruments, and the resulting profile of the debt service costs, tailored to match the expected revenues arising from the concession agreement. In order to fund construction of the police facilities the company negotiated loan facilities. The interest rate on the facility is hedged using an interest rate swap.

Board approval is required for the use of any new financial instrument, and the subsidiary company's ability to do so is restricted by covenants in its existing funding agreements.

Going concern

The directors have considered the impact of the Covid 19 pandemic declared in March 2020 and on the basis that the company is a holding company with limited activity of its own believe that there will be limited impact.

Directors

The directors of the company during the year and up to the date of this report were as shown below:

Karen Hill
Michael Donn
Neil Woodburn (resigned 30 April 2019)
Richard Burge (appointed 1 May 2019)
Stephen Gordon (appointed 1 May 2019)

Cleveland FM Services (Holdings) Limited Year Ended 31 December 2019

Directors' Report (continued)

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and parent company financial statements (the "financial statements") in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditor

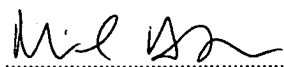
BDO LLP are the appointed auditors and have expressed their willingness to continue in office.

Small company provisions

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

Approval

The report of the directors was approved by the Board on 26 May 2020 and signed on its behalf by:



Michael Donn

Director

Independent auditors' report to the members of Cleveland FM Services (Holdings) Limited

Opinion

We have audited the financial statements of Cleveland FM Services (Holdings) Limited ("the Company") for the year ended 31 December 2019 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the 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.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

Independent auditors' report to the members of Cleveland FM Services (Holdings) Limited

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Director's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Alexander Tapp (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London

27 May 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Cleveland FM Services (Holdings) Limited Year Ended 31 December 2019

Statement of Comprehensive Income for the year ended 31 December 2019

	Notes	2019 £'000	2018 £'000
Income from investments	3	235	312
Interest payable and similar charges	4	(361)	(372)
Interest receivable	5	361	372
Profit on ordinary activities before taxation		235	312
Tax on profit on ordinary activities	6	-	-
Profit for the year		235	312

All of the activities of the company are classed as continuing.

The notes on pages 10 to 14 form part of these financial statements

Cleveland FM Services (Holdings) Limited Year Ended 31 December 2019

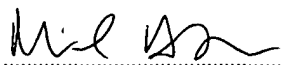
Balance sheet as at 31 December 2019

	Notes	2019 £'000	2018 £'000
Fixed assets			
Investment in Cleveland FM Services Limited	7	10	10
Current assets			
Debtors: amounts falling due within one year		183	175
Debtors: amounts falling due after one year		2,607	2,700
	8	2,790	2,875
Creditors: amounts falling due within one year	9	(183)	(175)
Net current assets		2,607	2,700
Total assets less current liabilities		2,617	2,710
Creditors: amounts falling due after one year	9	(2,607)	(2,700)
Net assets		10	10
Capital and reserves			
Share capital	10	10	10
Profit and loss account		-	-
Equity shareholders' funds		10	10

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

The financial statements were approved and authorised for issue by the Board on its behalf by:

26 May 2020 and signed on



Michael Donn

Director

Company number: 05317921

The notes on pages 10 to 14 form part of these financial statements.

Cleveland FM Services (Holdings) Limited Year Ended 31 December 2019

Statement of changes in equity For the year ended 31 December 2019

	Called up share capital £'000	Profit and loss account £'000	Total Equity £'000
Balance at 1 January 2018	10	-	10
Total comprehensive income for the year			
Profit for the year	-	312	312
Total comprehensive income for the year	-	312	312
Transactions with owners			
Dividends	-	(312)	(312)
Balance at 31 December 2018	10	-	10

	Called up share capital £'000	Profit and loss account £'000	Total Equity £'000
Balance at 1 January 2019	10	-	10
Total comprehensive income for the year			
Profit for the year	-	235	235
Total comprehensive income for the year	-	235	235
Transactions with owners			
Dividends	-	(235)	(235)
Balance at 31 December 2019	10	-	10

The notes on pages 10 to 14 form part of these financial statements.

Cleveland FM Services (Holdings) Limited Year Ended 31 December 2019

Notes to the financial statements

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland ("FRS 102") and the Companies Act 2006.

The presentation currency of these financial statements is sterling.

The preparation of the financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also required the management to exercise judgement in applying the company's accounting policies.

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

(a) Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention. These policies remain unchanged from the previous period.

In these financial statements, the Company is considered to be a small company under section 382 of the Companies Act 2006 (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following:

- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

(b) Interest payable and receivable

Interest receivable relates to interest receivable on the loan to the subsidiary undertaking. Interest payable relates to interest payable on subordinated loan stock.

(c) Investments

Investments are stated at cost and will be written down to recoverable amount should any impairment review indicate that this is necessary.

(d) Group financial statements

Under section 399 of the Companies Act 2006, the company has opted not to prepare group accounts by virtue of its size.

These financial statements present information about the company as an individual undertaking and not about its group.

(e) Going concern

The directors have reviewed the company's projected cashflows which have been prepared on the basis of a detailed analysis of the company's finances, contract and likely future demand trends. After consideration of these projections the directors consider that the company will be able to settle its liabilities as they fall due and accordingly the financial statements have been prepared on a going concern basis.

The directors have considered the impact of the Covid 19 pandemic declared in March 2020 and on the basis that the company is a holding company with limited activity of its own believe that there will be limited impact.

(f) Key assumptions

The preparation of financial statements in conformity with FRS102 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based upon historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods. There were no significant judgements or estimates impacting the reported results.

Cleveland FM Services (Holdings) Limited Year Ended 31 December 2019

Notes to the financial statements (continued)

2. Administrative expenses

There were no employees during the year (2018: £nil).

Directors received no emoluments for their services as directors during the year to 31 December 2019 (2018: £nil).

The audit fee for the company has been paid for by its subsidiary undertaking Cleveland FM Services Limited.

3. Income from investments

	2019	2018
	£'000	£'000
Dividend income	235	312

4. Interest payable and similar charges

	2019	2018
	£'000	£'000
Interest payable on subordinated loan stock	361	372

5. Interest receivable

	2019	2018
	£'000	£'000
Interest receivable on loan to subsidiary undertaking	361	372

6. Tax on profit on ordinary activities

	2019	2018
	£'000	£'000
Profit on ordinary activities before taxation	235	312
Profit on ordinary activities by rate of tax at 19.00% (2018: 19.00%)	45	59
Effects of: Non taxable UK dividends	(45)	(59)
Total tax charge for the year	-	-

Cleveland FM Services (Holdings) Limited Year Ended 31 December 2019

Notes to the financial statements (continued)

7. Investments

	2019 £'000
Shares in subsidiary at cost	
At 1 January 2019	10
At 31 December 2019	10
Investments comprise: Cleveland FM Services Limited (100% of ordinary share capital)	10

As at 31 December 2019 the aggregate of Cleveland FM Services Limited's capital and reserves amounted to £(3,607,000) (2018: £(3,692,000)) and its retained profit for the year then ended was £223,000 (2018: profit £222,000). Cleveland FM Services Limited's capital and reserves include derivatives treated as a cash flow hedge reserve of £(3,675,000) (2018: £(3,772,000)). The directors have reviewed the group's projected cash flows which have been prepared on the basis of a detailed analysis of the company's finances, contract and likely future demand trends. After consideration of these projections the directors consider that the investment is not impaired.

The principal activity of Cleveland FM Services Limited is that of private finance initiative concessionaire for the Cleveland Police new divisional headquarters, custody and office accommodation project.

The subsidiary's registered office is the same as the company's.

8. Debtors

	2019 £'000	2018 £'000
Loan to Cleveland FM Services Limited	2,700	2,782
Interest on loan to Cleveland FM Services Limited	90	93
	2,790	2,875

On 29 December 2006 a loan of £3,260,000 was made to Cleveland FM Services Limited. The loan is repayable in semi-annual instalments over 23 years commenced on 30 September 2007 at an interest rate of 13.15%.

At the balance sheet date, £93,000 (2018: £82,000) of this loan is due within one year and £2,607,000 (2018: £2,700,000) of this loan is due after more than one year.

Cleveland FM Services (Holdings) Limited Year Ended 31 December 2019

Notes to the financial statements (continued)

9. Creditors

	2019	2018
	£'000	£'000
Amounts falling due within one year		
Subordinated loan-stock	93	82
Interest accrued on subordinated loan stock	90	93
	<u>183</u>	<u>175</u>

	2019	2018
	£'000	£'000
Amounts falling due after one year		
Subordinated loan-stock	<u>2,607</u>	<u>2,700</u>

On 29 December 2006, subordinated loan-stock totalling £3,261,000 was issued to the shareholders of Cleveland FM Services (Holdings) Limited in amounts proportionate to their shareholdings. £1,630,000 (50%) was issued to Aberdeen Infrastructure Limited (formerly BOS Infrastructure Limited), £1,630,000 (50%) was issued to Palio (No 9) Limited.

The loan is repayable in semi-annual instalments over 25 years commencing 30 September 2007 at an interest rate of 13.15%. Year end balances are shown above.

At the balance sheet date, £93,000 (2018: £82,000) of the subordinated loan stock is due within one year and £2,607,000 (2018: £2,700,000) is due after one year. Interest accrued at the year end is £90,000 (2018: £93,000). The subordinated loan stock is unsecured.

The maturity dates of the loan proceeds are as follows:

	2019	2018
	£'000	£'000
Less than one year	93	82
More than one year and less than two years	227	94
Between two and five years	900	366
More than five years	1,480	2,240
	<u>2,700</u>	<u>2,782</u>

10. Share capital

	2019	2018
	£'000	£'000
Allotted, issued and fully paid:		
10,000 ordinary shares of £1 each	<u>10</u>	<u>10</u>

Cleveland FM Services (Holdings) Limited Year Ended 31 December 2019

Notes to the financial statements (continued)

11. Dividends paid

Equity dividends	2019	2018
	£'000	£'000
Paid interim dividends on ordinary shares of £23.50 (2018: £31.20)		
per ordinary share	235	312

12. Related party transactions and parent undertakings

Details of all other related party transactions are given in the notes to investments, debtors and creditors. The audit fee for the company has been paid by its subsidiary undertaking Cleveland FM Services Limited.

	Transactions		Payables to	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Directors' fees				
- Aberdeen Infrastructure Finance GP Ltd	30	29	23	22
- Palio (No 9) Limited (ultimate controlling party JURA Holdings Limited)	30	29	20	22

The company is owned by Aberdeen Infrastructure (No.3) Limited (formerly BOS Infrastructure Investments (No 3) Limited) (50.0%) and Palio No 9 Limited (50.0%) and hence the directors do not consider there to be an ultimate controlling party.

The ultimate parent undertaking of Aberdeen Infrastructure (No.3) Limited is Aberdeen Infrastructure Partners LP inc. The ultimate parent undertaking of Palio No 9 Limited is JURA Holdings Limited.

Copies of the parent company accounts are available from the Registrar of Companies on payment of the appropriate fee.