Company Registration No. 05494495 (England and Wales)

BY CHELMER (HOLDINGS) LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

BY CHELMER (HOLDINGS) LTD

COMPANY INFORMATION

Directors	Mr M G D Holden	
	Mr J C Heath	
	Mr A Campbell	(Appointed 23 March 2022)
Secretary	Vercity Management Services Ltd	
Company number	05494495	
Registered office	8 White Oak Square London Road Swanley Kent BR8 7AG	
Auditor	Johnston Carmichael LLP 7-11 Melville Street Edinburgh EH3 7PE	

BY CHELMER (HOLDINGS) LTD

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BY CHELMER (HOLDINGS) LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present the strategic report for the year ended 31 December 2021. By Chelmer (Holdings) Ltd is the owner of By Chelmer plc. These two companies constitute the By Chelmer group of companies ('the Group')

Principal activities
The principal activity of the Group is the finance, design and construction, refurbishment and operation of Broomfield Hospital in Chelmsford for Mid & South Essex Hospitals NHS Foundation Trust (the 'Trust') under the Government's Private Finance Initiative ('PFI'). The Group continued with these activities throughout the year and will continue in this activity for the foreseeable future.

Principal risks and uncertainties
The Trust is the sole client of the Group but the directors consider that no strategic risk arises from such a small client base since the client is a central government organisation and there is a long term contract in place.

Performance and lifecycle risk under the Project Agreement and related contracts are passed on to the service providers and to the building contractor. The obligations of these subcontractors are underwritten either by performance guarantees issued by banks or by parent company guarantees.

The Group is exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due. The most important components of financial risk are credit risk and the liquidity risk.

The Group will continue to provide and support the Trust in its expansion of the Hospital under the PFI scheme.

COVID-19 risk
The Group is exposed to the COVID-19 risk as a result of the inherent uncertainty around the impact of the pandemic on UK society and economy. Whilst the Group itself is not considered to be significantly exposed, subcontractors which it engages with are considered to have exposure in relation to labour and the ability to continue to perform required services. Performance risk under the Project Agreement and related contracts are passed on to the service providers and to the building contractor. The obligations of these subcontractors are underwritten either by performance guarantees issued by banks or by parent company guarantees. Due to the evolving nature of the risk, the Board continue to actively monitor developments.

Climate change risk
The Group has considered whether it is exposed to additional risks as a result of climate change and has not identified any risks that would significantly impact the Group. This is primarily due to the nature of the operations of the project, where the majority of work is performed by sub-contractors who are responsible for the associated risks. Whilst, the Group is subject to SPV costs through the provision and maintenance of facilities including, for instance, heating systems, the Group's contractual protections are expected to protect the Group from changes in law that result in any longer term pricing risk associated with climate change.

Development and performance
The Group has a project agreement with the Trust, together with an associated construction contract, funding agreements, hard services contracts and ancillary project agreements ('the Project Agreement'). The Project Agreement requires the Group to finance, design, develop, construct, maintain and deliver certain non-core services (the 'Project') within Broomfield Hospital in Chelmsford (the 'Hospital') for a primary term of 35 years and 4 months from the date of signing of the Project Agreement to 31 March 2043.

In order to achieve these objectives, the Group strategy is to sub contract services to third party providers who hold the relevant technical knowledge and resources to deliver these services.

The results of the Group are set out in the attached financial statements.

As reported in the Group's profit and loss account, revenue has increased from £9,832,000 in 2020 to £13,179,000 in 2021. The increase is mainly due to energy passthrough costs that are recharged with no mark-up as a result of an energy service variation applicable from May 2020.

Interest receivable and similar income has decreased to £9,110,000 (2020: £9,315,000) mainly due to reduced interest receivable on the finance debtor. Interest receivable on the finance debtor has reduced in proportion with the reduction in the finance debtor balance.

Interest payable and similar expenses has increased to £10,781,000 (2020: £9,380,000) mainly due to higher indexation on index linked bonds as a result of lower RPI increases and also higher sub debt interest charge due to early sub debt repayment penalty interest of £956,000 (2020: £Nil).

The finance debtor is being amortised over the life of the concession and the carrying value at the reporting date is £138,397,000 (2020: £141,327,000). The finance debtor amortisation during the year was £2,930,000 (2020: £2,746,000). The directors believe the finance debtor to be recoverable over the term of the Project Agreement.

During the year, the Group has repaid £6,435,000 of the Secured Guaranteed Bonds. Scheduled loan repayment dates are 31 March and 30 September each year. In the previous financial year, the Group repaid a total of £6,542,000.

During the year the Group has repaid £703,000 (2020: £119,000) of the subordinated unsecured loan stock.

The profit for the year after taxation was £1,386,000 (2020: £1,822,000). Operations were in line with expectation for the period.

The directors consider the results for the year satisfactory.

The balance sheet shows the carrying value of the Group's net liabilities at the year end was £12,823,000 (2020: £14,209,000). This includes the profit and loss reserve of £12,873,000 (2020: £14,259,000). The directors consider it reasonable to assume that the company has adequate resources to continue for the foreseeable future and, for this reason, have continued to adopt the going concern basis in preparing the financial statements. See Going Concern accounting policy for further information.

Key performance indicators

1. Performance deductions under the Service contract.

Financial penalties are levied by the Trust in the event of performing standards not being achieved according to detailed criteria set out in the Project Agreement. These deductions are passed on to the service provider. In the year ended 31 December 2021, deductions of £27,000 (2020: £28,000) had been levied which represents 0.21% (2020: 0.29%) of revenue. The materiality of deductions is considered to be low. However, Directors are working with the Trust and service providers to reduce the level of deductions going forward.

2. Financial performance

The directors have modelled the anticipated financial outcome of the Project across its full term. The directors monitor actual performance against this anticipated performance. As at 31 December 2021, the Group's performance against this measure was satisfactory.

The Group completed the construction phase of the contract on 5 August 2010. In the opinion of the directors the operating phase of the Project is performing satisfactorily, to the standard of the contract.

Going Concern
The Directors have prepared cash flow forecasts which indicate that, taking account of severe but plausible downsides, the Group will have sufficient funds to meet its liabilities as they fall due. Further information of the Directors' assessment including the consideration of the impact of COVID-19 is contained within note 1.3.

The Group was able to meet the financial covenants as at 31 December 2020 and 31 December 2021, and is forecast to meet them for the foreseeable future.

Taking into account reasonable possible risks in operations to the Group, the Directors have a reasonable expectation that the Group will be able to settle its liabilities as they fall due to the foreseeable future. It is therefore appropriate to prepare these financial statements on the going concern basis.

Section 172 Companies Act 2006 Statement
The Directors have a duty to promote the success of the Group for the benefit of the shareholders as a whole and to describe how this duty has been performed with regard to those matters set out in section 172 of the Companies act 2006 ("section 172").
The Directors have identified the Group's main stakeholders as the following:

i. The Group's shareholders, bondholders and credit provider

Principal considerations of the board are whether the investment objective of the Group is meeting shareholder and bondholder expectations and how the manager implements the objective. These are discussed at board meetings, which are held regularly throughout the year and influence decisions the board makes. The board also attends regular shareholder briefing meetings to ensure that shareholder engagement is optimized. The board and the manager have regular engagement with the credit provider.

ii. The manager

The delivery by the manager of its services is fundamental to the long term success of the Group. The board seeks to engage regularly with the manager through a number of forums, including at board meetings, portfolio briefings and through engagement with the manager's senior leadership team. Regular reporting is provided to the board by the manager, which will alert the board to changes to regulation or market practice, which will inform the board's decision making.

Throughout the year the board has made due consideration during its discussions and decision-making of the matters set out in section 172 and below is a description of how the directors have had regards to these matters when performing their duties:

(a) The likely consequences of any decision in the long term

The Group has outsourced the management of the Group to Vercity Management Services Limited ("Vercity"), the manager. The delivery by the manager of its services is fundamental to the long term success of the Group. The board seeks to engage regularly with the manager through a number of forums, including at board meetings, portfolio briefings and through engagement with the manager's senior leadership team. Regular reporting is provided to the board by the manager, which will alert the board to changes to regulation or market practice, which will inform the board's decision making.

(b) The interests of the Group's employees

As an externally managed Group, the Group's activities are all outsourced and therefore it does not have any employees. The Group does however, pay due regard to the interests and safety of all those engaged by contractors to the Group to perform services on its behalf.

(c) The need to foster the Group's business relationships with suppliers, customers and others

The Group is committed to upholding the underlying principle of PFI of working in partnerships with all parties to the arrangement. As noted above, the Group has policies and procedures to ensure regular communication is maintained between the parties.

(d) The impact of the Group's operations on the community and the environment

The Group has very limited direct impact on the environment as it has no greenhouse gas emissions. Notwithstanding that the Group is committed to minimizing environmental disruption from its activities. The board upholds the Group's environmental policy in all its activities and requires all parties to the arrangement to do the same.

(e) The desirability of the Group maintaining a reputation for high standards of business conduct

The Group is committed, in its day to day operations and dealings with all affiliates to uphold the highest standard of business conduct and integrity. The directors are not responsible for setting a "business culture" in the traditional sense, but are committed to understanding the culture of the manager and service providers and raise any concerns in this regard if necessary.

(f) The need to act fairly between members of the Group

The members of the Group are represented at board meetings by their appointed director(s). Conflicts on matters to be discussed are identified at each meeting of the board. Directors representing a member with a conflict of interest may therefore be excluded from any discussion or vote in regards to it.

The Directors are cognisant of their duty under s172 in their deliberation as a board on all matters. Decisions made by the board take into account the interests of all the Group's key stakeholders and reflect the board's belief that the long term sustainable success of the Group is linked directly to its key stakeholders.

On behalf of the board

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Mr J Heath
Director
Date: 27th June 2022

The directors present their annual report and financial statements for the year ended 31 December 2021.

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

Mr M C Wayment	(Resigned 12 April 2022)
Mr M G D Holden	
Mr J C Heath	
Ms E G Wegener	(Resigned 7 December 2021)
Mr A Campbell	(Appointed 23 March 2022)

Results and dividends
The results for the year are set out on page 13.

No ordinary dividends were paid (2020: £nil). The directors do not recommend payment of a final dividend.

Directors Indemnity
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 Company 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 but have not been utilised by the directors.

Financial instruments
The Group's principal financial instruments comprise of the finance debtor, short term bank deposits, index-linked and fixed rate bonds. 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 it's existing funding agreements.

Exposure to liquidity, inflation, credit and interest rate risks arise in the normal course of the Group's business. Further details relating to these risks are given below:

Interest-bearing bank loans and other borrowings are recorded at the proceeds received, net of direct issue costs. Finance charges, including direct issue costs, are accounted for on an accruals basis in the income statement using the effective interest rate method and are added to the carrying value of the instrument to the extent that they are not settled in the period in which they arise.

Treasury operations and financial instruments
The Group's financial instruments result in the Group's exposure to liquidity, credit and interest rate risks. Further information on the financial instruments employed by the company can be seen in the notes to these financial statements.

Liquidity risk
Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group aims to mitigate liquidity risk by closely monitoring the timing of cash flows within the Group.

Interest rate risk

The Group is exposed to interest rate risk on bank balances with floating interest rates, however the directors do not consider this exposure to be significant.

The guaranteed secured bonds and unsecured subordinated loan notes both have a fixed rate until 2043, thus there is no interest rate risk associated with these financial liabilities.

Inflation risk

The majority of the Group's borrowings comprise index linked bonds. Repayment of this debt, in addition to meeting operational expenditure commitments, will be made from income which is itself subject to indexation. The Group therefore mitigates any exposure to movements in the retail price index. As a result, there is no impact expected from inflation risk on the going concern assumption adopted.

Credit risk

The Trust is the sole client of the Group. The directors consider that no significant risk arises from such a small client base since there are no indications that the Trust will not be able to fulfil their obligations. The carrying value of the financial asset of £138,397,000 (2020: £141,327,000) is the maximum credit exposure.

Auditor

In accordance with section 487 of the Companies Act 2006, a resolution for the appointment of Johnston Carmichael LLP as auditor of the company is to be proposed at the forthcoming Annual General Meeting.

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 Group's auditor is unaware: and each Director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Group's auditor is aware of that information. This confirmation is given pursuant to Section 418(2) of the Companies Act 2006 and should be interpreted in accordance therewith.

The directors confirm that:

(a) the financial statements, prepared in accordance with UK Generally Accepted Accounting Practice, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company; and

(b) the strategic report includes a fair review of the development and performance of the business and the position of the company, together with a description of the principle risks and uncertainties that they face.

Financial reporting risk and internal control

The Group has outsourced the financial reporting function to Vercity Management Services Limited ("Vercity"). Authorities remain vested in the board members of the Group. Vercity reports regularly to the board of the Group. The Board receives quarterly reports from Vercity which specifically summarise and address the financial, contractual and commercial risks that the Group is exposed to, and are pertinent to the industry in which the Group operates. The board also receives quarterly management accounts with explanations of variances from annual budgets and forecasts, which are in turn compared to the Financial Model, which represents the long term business plan of the Group and outlines its ability to comply with its debt obligations and covenants. Material deviations from the business plan are investigated and reported on. Supporting this process, Vercity evaluates its performance under the framework of an Internal Audit and Assessment programme which sits within its own Corporate Governance framework. This process ensures that the project remains robust and viable throughout the life of the contract.

On behalf of the board

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Mr J Heath

Date: 27th June 2022

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

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

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 parent company and of their profit or loss for that period. In preparing each of the group and parent company 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern: and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company intends to cease operations, or they have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BY CHELMER (HOLDINGS) LTD

Opinion

We have audited the financial statements of By Chelmer (Holdings) Limited (the 'company') and its subsidiaries (the 'Group') for the year ended 31 December 2021 which comprise the group profit and loss account, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, group 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 FRS 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 and of the parent company's affairs as at 31 December 2021, and of the group's 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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC 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 our 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 our knowledge and understanding of the group and parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

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

Extent to which the audit is 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 company, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The most relevant frameworks we identified include:

- UK GAAP
- Companies Act 2006
- Corporation Tax legislation
- VAT legislation

We gained an understanding of how the group and company is complying with these laws and regulations by making enquiries of management and those charged with governance. We corroborated these enquiries through our review of board meeting minutes.

We assessed the susceptibility of the group and company'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. In areas of the financial statements where the risks were considered to be higher, we performed procedures to address each identified risk.

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;
- Reviewing the level of and reasoning behind the group's procurement of legal and professional services; and
- 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.

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF BY CHELMER (HOLDINGS) LTD

Use of our report

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

Johnston Carmichael LLP

Irvine Spowart (Senior Statutory Auditor)
For and on behalf of Johnston Carmichael LLP

Date: 28 June 2022

Chartered Accountants
Statutory Auditor

7-11 Melville Street
Edinburgh
EH3 7PE

BY CHELMER (HOLDINGS) LTD

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £000	2020 £000
Turnover	3	13,179	9,832
Cost of sales		(10,117)	(7,235)
Gross profit		3,062	2,597
Administrative expenses		(824)	(687)
Operating profit		2,238	1,910
Interest receivable and similar income	6	9,110	9,315
Interest payable and similar expenses	7	(10,781)	(9,380)
Profit before taxation		567	1,845
Tax on profit	8	819	(23)
Profit for the financial year		1,386	1,822

Profit for the financial year is all attributable to the owners of the parent company.

The notes on pages 19 to 33 form an integral part of these financial statements.

All recognised gains and losses are shown in the Profit and Loss account above. Therefore, a statement of other comprehensive income has not been prepared.

BY CHELMER (HOLDINGS) LTD

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021 £000	2021 £000	2020 £000	2020 £000
Current assets					
Debtors falling due after more than one year	12	144,167		146,104	
Debtors falling due within one year	12	5,308		5,002	
Cash at bank and in hand		15,786		15,255	
		165,261		166,361	
Creditors: amounts falling due within one year	13	(9,676)		(9,319)	
Net current assets			155,585		157,042
Creditors: amounts falling due after more than one year	14		(168,408)		(171,251)
Net liabilities			(12,823)		(14,209)
Capital and reserves					
Called up share capital	17		50		50
Profit and loss reserves			(12,873)		(14,259)
Total equity			(12,823)		(14,209)

The notes on pages 19 to 33 form an integral part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on 24 June 2022 and are signed on its behalf by:

S Heath

Director

BY CHELMER (HOLDINGS) LTD

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021 £000	2021 £000	2020 £000	2020 £000
Fixed assets					
Investments	**9**		50		50
Current assets					
Debtors falling due after more than one year	**12**	13,937		14,676	
Debtors falling due within one year	**12**	584		608	
		14,521		15,284	
Creditors: amounts falling due within one year	**13**	(584)		(608)	
Net current assets			13,937		14,676
Total assets less current liabilities			13,987		14,726
Creditors: amounts falling due after more than one year	**14**		(13,937)		(14,676)
Net assets			50		50
Capital and reserves					
Called up share capital	**17**		50		50

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £nil (2020: £nil).

The notes on pages 19 to 33 form an integral part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on 24 June 2022 and are signed on its behalf by:

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Director

Company Registration No. 05494495

BY CHELMER (HOLDINGS) LTD

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital	Profit and loss reserves	Total
	£000	£000	£000
Balance at 1 January 2020	50	(16,081)	(16,031)
Year ended 31 December 2020:			
Profit and total comprehensive income for the year	-	1,822	1,822
Balance at 31 December 2020	50	(14,259)	(14,209)
Year ended 31 December 2021:			
Profit and total comprehensive income for the year	-	1,386	1,386
Balance at 31 December 2021	50	(12,873)	(12,823)

The notes on pages 19 to 33 form an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital £000
Balance at 1 January 2020	50
Year ended 31 December 2020:	
Profit and total comprehensive income for the year	-
Balance at 31 December 2020	50
Year ended 31 December 2021:	
Profit and total comprehensive income for the year	-
Balance at 31 December 2021	50

The notes on pages 19 to 33 form an integral part of these financial statements.

BY CHELMER (HOLDINGS) LTD

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £000	2021 £000	2020 £000	2020 £000
Cash flows from operating activities					
Cash generated from operations	**20**		5,449		4,805
Income taxes paid			(315)		(183)
Net cash inflow from operating activities			5,134		4,622
Investing activities					
Interest received		9,110		9,315	
Net cash generated from investing activities			9,110		9,315
Financing activities					
Repayment of subordinated debt		(703)		(119)	
Repayment of bonds		(6,434)		(6,542)	
Interest paid		(6,576)		(5,772)	
Net cash used in financing activities			(13,713)		(12,433)
Net increase in cash and cash equivalents			531		1,504
Cash and cash equivalents at beginning of year			15,255		13,751
Cash and cash equivalents at end of year			15,786		15,255

The notes on pages 19 to 33 form an integral part of these financial statements.

1 Accounting policies

Company information

By Chelmer (Holdings) Ltd ("the Company") is a private limited company domiciled and incorporated in England and Wales. The registered office is 8 White Oak Square, London Road, Swanley, Kent, BR8 7AG.

The Group consists of By Chelmer (Holdings) Ltd and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006. The financial statements are prepared on a going concern basis, under the historic cost convention.

The financial statements are prepared in sterling, which is the functional currency of the Group. Monetary amounts in these financial statements are rounded to the nearest £'000.

The parent company is a qualifying entity for the purpose of FRS 102, being a member of a group where the parent of that group, By Chelmer (Holdings) Limited, prepares publicly available consolidated financial statements, including this Group, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group. The Group has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 Statement of cash Flows' - Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 Basic Financial Instruments' and Section 12 Other Financial Instruments Issues' - Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income.

1.2 Basis of consolidation

The consolidated Group financial statements consist of the financial statements of the parent company By Chelmer Holdings Ltd together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 31 December 2021. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1 Accounting policies (Continued)

1.3 Going concern

The Group had net liabilities of £12,823,000 as at 31 December 2021 (2020: £14,209,000) and generated a profit for the year then ended of £1,386,000 (2020: £1,822,000). The directors acknowledge that the Group is in a net liabilities position, however this is primarily a result of the timing of finance costs and lifecycle costs which have generated losses to date. Finance costs are, as expected, higher in the early years of the project, gradually reducing as the debt is repaid. Lifecycle costs are lower in the early years and therefore service revenue calculated thereon is also lower. The Group receives an annual unitary charge over the life of the project and can reasonably predict the costs to be incurred.

The Directors have prepared cash flow forecasts covering a period of at least 12 months from the date of approval of these financial statements, through to 30 September 2022, which indicate that, taking account of severe but plausible downsides, the Group will have sufficient funds to meet its liabilities as they fall due for that period. Those forecasts are dependent on the underlying customer continuing to meet its obligations under the Project Agreement. The Directors are satisfied with the ability of the Trust to continue to pay monthly service income in line with the contract due to its settlement performance to date and no issues that have arisen over recoverability.

In making this assessment the Directors have considered the potential impact of the emergence and spread of COVID-19.

The Group's operating cash inflows are largely dependent on unitary charge receipts receivable from Mid & South Essex Hospitals NHS Foundation Trust and the Directors expect these amounts to be received even in severe but plausible downside scenarios.

The Group continues to provide the asset in accordance with the contract and is available to be used. As a result, the Group does not believe there is any likelihood of a material impact to the unitary payment.

The Directors have assessed the viability of its main sub-contractors and reviewed the contingency plans of the sub-contractors and are satisfied in their ability to provide the services in line with the contract without significant additional costs to the Group, even in downside scenarios, due to the underlying contractual terms. To date, there has been no adverse impact on the services provided by the Group or its sub-contractors arising from COVID-19. However, in the unlikely event of a subcontractor failure, the Group has its own business continuity plans to ensure that service provision will continue.

The Directors believe the Group has sufficient funding in place and expect the Group to be in compliance with its debt covenants even in severe but plausible downside scenarios.

Consequently, the Directors are confident that the Group and the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

1.4 Turnover

Turnover in relation to service revenue is recognised in accordance with the finance debtor and service concession accounting policy. Turnover in relation to pass-through revenue is recognised when the services are performed.

1.5 Fixed asset investments

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1 Accounting policies **(Continued)**

1.6 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Restricted cash
The Group is obligated to keep separate cash reserves in respect of requirements in the Group funding agreements. This restricted cash balance, which is shown on the balance sheet within the "cash at bank and in hand" balance, amounts to £10,952,000 at the year end (2020: £10,224,000).

1.7 Financial instruments

The Group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Group's balance sheet when the Group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

1 Accounting policies **(Continued)**

Classification of financial liabilities
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic Financial Liabilities
Basic financial liabilities, including creditors, bonds, loans from fellow group companies are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. The effective interest rate approach on inflation linked debt is to reflect only accrued inflation for the period up to the reporting date.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities
Financial liabilities are derecognised when the Group's contractual obligations expire or are discharged or cancelled.

1.8 Equity instruments
Equity instruments issued by the Group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Group.

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

Current tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

1 Accounting policies **(Continued)**

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.10 Interest receivable and Interest payable

Interest payable and similar expenses include interest payable on borrowings, indexation on debt instruments and associated ongoing financing fees.

Interest receivable and similar income include interest receivable on funds invested and interest recognised on the finance debtor based upon the finance debtor accounting policy above.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

1.11 Service concession accounting

The Group is an operator of a Public Finance Initiative ("PFI") contract. The Group entered into a project agreement (the "Contract") with the Trust to design, build, refurbish, finance, operate and maintain Broomfield Hospital. The contract negotiations were successfully completed in December 2007 and construction commenced immediately. The project has been fully operational since 5th August 2010. The concession period is for 35 years and 4 months, during this period the Group has contracted to provide hard FM services to the Trust. The Group has passed these obligations down to Mid Essex Hospital Project Limited via subcontracts. The obligation to provide major maintenance works (lifecycle) is undertaken by Mid Essex Hospital Project Limited. The contract does not entitle the Trust to any share of the profits of the Group. The Trust are entitled to terminate the Contract at any time by giving 9 months written notice. If the Trust exercises this right they are liable to pay the company compensation as set out in the Contract, which would include the senior debt, redundancy costs and other FM provider losses and the market value of the subordinated debt.

1 Accounting policies (Continued)

As the Group entered into the contract prior to the date of transition to FRS102, the Group has taken advantage of the exemption in section 35.10 (i) of FRS102 which permits it to continue to account for the service concession arrangements under the accounting policies adopted under old UK GAAP. In particular, the underlying asset is not deemed to be an asset of the Group under old UK GAAP, because the risks and rewards of ownership as set out in that standard are deemed to lie principally with the Trust.

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 the Trust pays the Group a fixed Unitary Charge payment, as determined in the Contract, that is inflated by RPI each year. 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 in accordance with FRS102 section 23. The Group recognises revenue in respect of the services provided, including lifecycle services, 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.

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

2 Accounting estimates and judgements

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.

Key sources of estimation uncertainty
Accounting for the service concession contract and finance debtor requires an estimation of service margins, finance debtor interest rates and associated amortisation profile which is based on forecasted results of the service concession contract. Lifecycle costs are a significant proportion of future expenditure. However, lifecycle risk is passed down to the service provider through a sub contract and they are paid on a contractual profile. As a result, the directors don't believe there is a significant level of judgement required in estimating future lifecycle expenditure.

3 Turnover and other revenue

	2021 £000	2020 £000
Turnover analysed by class of business		
Services revenue	8,098	7,070
Pass through & variation income	5,081	2,762
	13,179	9,832

4 Auditor's remuneration

	2021	2020
Fees payable to the Company's auditor and associates:	**£000**	**£000**
For audit services		
Audit of the financial statements of the Group and Company	4	5
Audit of the financial statements of the company's subsidiaries	22	20
	26	25

5 Directors' remuneration

The Company had no employees during the year (2020: Nil).

No directors received any remuneration for services to the company during the year (2020: nil). Directors services are payable to the shareholders (see Note 18).

6 Interest receivable and similar income

	2021	2020
	£000	**£000**
Interest income		
Interest on bank deposits	10	31
Finance debtor interest	9,100	9,284
Total income	9,110	9,315

7 Interest payable and similar expenses

	2021	2020
	£000	**£000**
Interest on financial liabilities measured at amortised cost:		
Indexation on index linked bonds	4,266	3,633
Monoline guarantee premium	280	286
Interest payable on bonds	3,639	3,712
Interest payable on subordinated debt	2,596	1,749
Total interest expense	10,781	9,380

Included in interest payable on subordinated debt is compensation interest payments of £956,000 (2020: £Nil)

8 Taxation

	2021 £000	2020 £000
Current tax		
UK corporation tax on profits for the current period	54	178
Adjustments in respect of prior periods	(3)	-
Total current tax	51	178
Deferred tax		
Other adjustments	(870)	(155)
Total tax (credit)/charge	(819)	23

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

	2021 £000	2020 £000
Profit before taxation	567	1,845
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	108	351
Increase in tax rate on deferred tax balances	(870)	(328)
Tax losses utilised	(54)	-
Prior year adjustment	(3)	-
Taxation (credit)/charge	(819)	23

The Group has tax losses of £15,371,000 (2020: £15,648,000) which have been carried forward and will be offset against future taxable profits. A deferred taxation asset has been recognised for the tax losses.

At the March 2021 budget, which was substantively enacted on 24 May 2021, the government announced that the main rate of corporation tax will increase from 19% to 25% from 1 April 2023. This will increase the Group's future current tax charge accordingly and has increased the brought forward deferred tax asset by £939,000 in 2021.

9 Fixed asset investments

	Group 2021 £000	2020 £000	Company 2021 £000	2020 £000
Unlisted investments	-	-	50	50

9 Fixed asset investments (Continued)

Movements in fixed asset investments
Company

	Investments other than loans £000
Cost	
At 1 January 2021 and 31 December 2021	50
Carrying amount	
At 31 December 2021	50
At 31 December 2020	50

10 Subsidiaries

Details of the company's subsidiaries at 31 December 2021 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct	% Held Indirect
By Chelmer PLC	8 White Oak Square, London Road, Swanley, Kent, BR8 7AG	Ordinary	99.998%	-
BY NOM Limited	8 White Oak Square, London Road, Swanley, Kent, BR8 7AG	Ordinary	100%	-

11 Financial instruments

	Group 2021 £000	2020 £000	Company 2021 £000	2020 £000
Carrying amount of financial assets				
Debt instruments measured at amortised cost	143,475	146,225	14,521	15,284
Instruments measured at cost less impairment	-	-	50	50
Carrying amount of financial liabilities				
Instruments measured at amortised cost	177,817	180,338	14,521	15,284

11 Financial instruments (Continued)

An explanation of the Group's objectives, policies and strategies for the role of the financial instruments in creating and changing the risks of the Group in its activities can be found in the Strategic Report. The details relating to credit, liquidity and interest rate risks are explained below:

Credit risk

Although the Trust is the only customer of the Group, the directors are satisfied that the Trust will be able to fulfil its obligations under the PFI contract.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's financial obligations, including the repayment of its borrowings which are provided on a long term basis, have been structured to be met from the income which under normal operating conditions, will be earned from its long term concession contract with the Authority as their obligations under the Project Agreement are underwritten.

Interest rate risk

The Group aims to manage exposure to interest rate fluctuations through a balance of fixed rate borrowings along with floating rate borrowings (index-linked bonds). Except for the index-linked guaranteed secured bonds which subject to bi-annual indexation calculated from an agreed formula based on the change in the Retail Prices Index, all the other interest-bearing assets and liabilities are primarily of fixed rate. The indexation risk is also offset by turnover being subject to similar indexation terms.

Capital risk management

The Group manages its capital to ensure it is able to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital. The capital structure of the Group comprises equity attributable to equity holders consisting of ordinary share capital, reserves and retained earnings as disclosed in the Statement of Changes in Equity.

Risk analysis

In managing interest rate risks the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. The index-linked bonds' indexation variations are offset by indexation on future income from the Trust. The Group's exposure to interest rate fluctuations is therefore restricted to amounts that can be earned on cash deposits. This risk is not considered to have a significant impact on overall returns.

12 Debtors

	Group 2021	2020	Company 2021	2020
Amounts falling due within one year:	**£000**	**£000**	**£000**	**£000**
Trade debtors	25	165	-	-
Corporation tax recoverable	269	5	-	-
Finance debtor	3,126	2,930	-	-
Prepayments and accrued income	1,888	1,902	-	-
Subordinated debt receivable	-	-	584	608
	5,308	5,002	584	608
Amounts falling due after more than one year:				
Subordinated debt receivable	-	-	13,937	14,676
Unitary charge control account	5,053	4,734	-	-
Finance debtor	135,271	138,397	-	-
Deferred tax asset (note 16)	3,843	2,973	-	-
	144,167	146,104	13,937	14,676
Total debtors	149,475	151,106	14,521	15,284

The subordinated unsecured loan stock is receivable from the Company's subsidiary undertaking, By Chelmer plc. The loan stock bears interest at 9.5% and is fully redeemable by 2042.

13 Creditors: amounts falling due within one year

	Notes	Group 2021 £000	2020 £000	Company 2021 £000	2020 £000
Subordinated debt	15	200	164	200	164
2.2212% index-linked guaranteed secured bonds due 2043	15	6,408	6,473	-	-
Interest on subordinated debt		384	444	384	444
Trade creditors		74	236	-	-
Interest on bonds		917	919	-	-
Other taxation and social security		267	231	-	-
Accruals and deferred income		1,426	852	-	-
		9,676	9,319	584	608

14 Creditors: amounts falling due after more than one year

	Notes	Group 2021 £000	2020 £000	Company 2021 £000	2020 £000
2.2212% index-linked guaranteed secured bonds due 2043	15	154,471	156,575	-	-
Subordinated debt	15	13,937	14,676	13,937	14,676
		168,408	171,251	13,937	14,676

Amounts included above which fall due after five years are as follows:

	Group 2021 £000	2020 £000	Company 2021 £000	2020 £000
Payable by instalments	145,383	147,260	13,571	14,634

15 Loans and overdrafts

	Group 2021 £000	2020 £000	Company 2021 £000	2020 £000
2.2212% index linked guaranteed secured bonds due 2043	160,879	163,048	-	-
Subordinated debt	14,137	14,840	14,137	14,840
	175,016	177,888	14,137	14,840
Payable within one year	6,608	6,637	200	164
Payable after one year	168,408	171,251	13,937	14,676

2.2212% index-linked guaranteed secured bonds are secured by a fixed charge over the assets of the Group.

The index-linked guaranteed secured bonds are fixed at an interest rate of 2.2212% which, together with the principal payments, are indexed by the change in Retail Price Index (RPI) with a base RPI of 205.4, instead of using an agreed ratio. The index-linked bonds' repayments commenced in March 2011 and the bond will be fully redeemed by 2043. The bonds are stated net of issue costs of £1,314,000.

The index-linked subordinated unsecured loan stock issued to the Group's immediate parent company , InfraRed Infrastructure Yield Holdings Limited, bears interest at 9.5% plus annual RPI rate based at February, and is fully redeemable by 2042.

16 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the Group and Company, and movements thereon:

Group	**Assets 2021 £000**	**Assets 2020 £000**
Tax losses	3,843	2,973

Movements in the year:	**Group 2021 £000**	**Company 2021 £000**
Asset at 1 January 2021	2,973	-
Credit to profit or loss	870	-
Asset at 31 December 2021	3,843	-

The Group has accumulated losses of £15,371,000 (2020: £15,648,000) which have been carried forward and will be offset against future taxable profits. A deferred tax asset has been recognised for the tax losses. Deferred tax is provided at 25% (2020: 19%) in the financial statements.

The deferred tax asset has been recognised on those tax losses which can be set off against future profits of the Group. The future profits of the Group have been estimated based on the forecasted cash flows and its estimated contractual rights and obligations as an operator of a Private Finance Initiative contract.

17 Share capital

	Group and company	
	2021	**2020**
Ordinary share capital	**£000**	**£000**
Issued and fully paid		
Ordinary 'A' shares 42,500 of £1	43	43
Ordinary `B' shares 7,500 of £1	7	7
	50	50

The A and B shares rank pari-passu for the purposes of voting, distributions and return of capital.

18 Related party transactions

During the year payments were made by the Group to InfraRed Infrastructure Yield Holdings Limited, a 100% shareholder in the Group's immediate parent undertaking, detailed as below. As a wholly owned subsidiary of By Chelmer (Holdings) Limited, the Company has taken advantage of the exemption under FRS102 - paragraph 33.1A of the requirement to disclose transactions between it and other group companies.

At the balance sheet date the Group owed £14,137,000 (2020: £14,840,000) of subordinated loan notes and £384,000 (2020: £444,000) of interest on the subordinated loan stock to their parent company InfraRed Infrastructure Yield Holdings Limited. During the year the Group made principal repayments relating to this borrowing of £703,000 (2020: £119,000) and interest payments of £2,655,000 (2020: £1,753,000).

During the year, the Group also paid their parent company InfraRed Infrastructure Yield Holdings Limited for Directors fees, to the value of £120,000 (2020: £118,000). At the balance sheet date the Group owed £120,000 of directors fees (2020:£Nil).

19 Ultimate parent company and parent company of larger group

The Group is a subsidiary undertaking of Infrared Infrastructure Yield Holdings Limited which is incorporated in England and Wales, with registered office at One Bartholomew Close, Barts Square, London, England, EC1A 7BL.

The ultimate controlling party is InfraRed Infrastructure Yield Limited Partnership with registered offices at One Bartholomew Close, Barts Square, London, England, EC1A 7BL.

The largest and smallest group in which the results of the Group are consolidated is that headed by By Chelmer (Holdings) Limited. The consolidated accounts of this Group are available to the public and may be obtained from 8 White Oak Square, London Road, Swanley, Kent, BR8 7AG.

20 Cash generated from group operations

	2021	**2020**
	£000	**£000**
Profit for the year after tax	1,386	1,822
Adjustments for:		
Taxation (credited)/charged	(819)	23
Finance costs	10,781	9,380
Interest income	(9,110)	(9,315)
Movements in working capital:		
Decrease in debtors	2,764	2,973
Increase/(decrease) in creditors	447	(78)
Cash generated from operations	5,449	4,805

21 Analysis of changes in net funds - group

	Borrowings due within one year	Borrowings due in more than one year	Subtotal	Cash and other cash equivalents	Net debt
	£000	£000	£000	£000	£000
Balance at 1 January 2021	(13,110)	(171,251)	(184,361)	15,255	(169,106)
Cashflows	7,137	-	7,137	531	7,668
Other non-cash changes	(7,108)	2,843	(4,265)	-	(4,265)
Balance at 31 December 2021	(13,081)	(168,408)	(181,489)	15,786	(165,703)

22 Analysis of changes in net debt - company

	1 January 2021	Cash flows	Other non-cash changes	31 December 2021
	£000	£000	£000	£000
Borrowings excluding overdrafts	(15,284)	703	60	(14,521)