Company Registration No. 5839649 (England and Wales)

EASTBURY PARK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

EASTBURY PARK LIMITED

COMPANY INFORMATION

Directors	Mr L Murphy Ms E J Beswetherick Mr J C Heath Mr A Deacon
Secretary	Vercity Management Services Limited
Company number	5839649
Registered office	8 White Oak Square London Road Swanley Kent BR8 7AG
Auditor	Johnston Carmichael LLP 7-11 Melville Street Edinburgh EH3 7PE

EASTBURY PARK LIMITED

CONTENTS

EASTBURY PARK LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present the strategic report for the year ended 31 December 2021.

Fair review of the business
The principal activities of the Company are the provision of fully serviced and managed accommodation under the Private Finance Initiative (PFI) for a period of twenty-five years pursuant to and in accordance with the terms of an agreement with the Secretary of State for Defence. This agreement together with a loan facilities agreement, a construction contract, a facilities management contract and other related contracts was signed on 28 July 2006. Construction began in October 2006 and was fully completed in July 2011.

The Company's turnover is stable as it is based on fixed long term contracts.

Principal risks and uncertainties

The Company's principal activity as detailed above is risk averse as its trading relationships with its customers, funders and sub-contractors are determined by the terms of their respective detailed PFI contracts. In extreme circumstances, the Company could be exposed to subcontractor failure to perform their obligations. The financial risks and the measures taken to mitigate them are detailed in the following sections.

Solvency and performance of sub-contractors
The solvency and performance of key-subcontractors is regularly monitored by the directors.

Lifecycle Risk
The Company is responsible for lifecycle costs. The directors manage this through asset inspection and consequential forecasting of asset replacement costs. A cash lifecycle fund is held by the company to cover future anticipated replacement costs.

Insurance Risk
The Company is exposed to the conditions prevailing in the insurance market at each renewal date. The directors manage this through close monitoring of the claims record of the project and through employing experienced broking organisations to obtain competitive insurance terms.

Inflation Risk
The Company's project revenue, operating costs and subordinated debt interest rate are linked to inflation.

COVID-19 risk
The Company 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 Company 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. The Company is aware of the Government guidance for public bodies on payment to suppliers to ensure service continuity during and after the coronavirus outbreak, which provides additional assurance. Nevertheless, performance risk under the Project Agreement and related contracts are passed on to the service providers. 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.

Principal risks and uncertainties

Tax risk
The Company is exposed to changes in tax rates, as an increase in tax rate will increase the tax charge for the year, increasing tax outflow in future years of the concession. Recent increases in tax rates noted have now been enacted and accounted for within deferred taxation and while the Company's future tax charge will increase there is expected to be no impact from tax risk on the going concern assumption adopted.

Climate change risk
The company 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 company. This is primarily due to 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 company is subject to SPV costs through the provision and maintenance of facilities including, for instance, heating systems, the company's contractual protections are expected to protect the company from changes in law that result in any longer term pricing risk associated with climate change.

Outstanding defects risk
The Company is exposed to the risk of outstanding defects from contractual requirements not being met following the liquidation of Carillion Construction Limited. The Directors have considered whether any such potential claims exist and have identified and provided for these sums. Despite the existence and uncertainty of these claims, the Directors consider the amounts in the financial statements to represent the best estimate of the claims. Further details of the provision can be found in note 15.

Financial Instruments overview
The Company's financial instruments result in the Company's exposure to liquidity, credit rate and interest rate risks. See the Directors' report for further detail on policy and risk.

Development and performance
The risk management policy of the company is designed to identify and manage risk at the earliest possible point. Risk management contributes to the success of the business by identifying opportunities and anticipating risks in order to improve business performance and the fulfilment of the company's contractual obligations. The Company maintains a detailed risk register which is formally reviewed by the Board on a quarterly basis. The directors have policies for managing each of these risks. The principal risks are summarised below:

Major maintenance
The principal risk borne by the Company is that maintenance costs exceed those forecast in the financial model agreed at financial close. This risk is mitigated by regular management review of actual expenditure against budget and technical evaluations of the physical condition of the facilities.

Service performance
Performance risk under the Project Agreement and related contracts is passed on to the service providers. The obligations of these subcontractors are underwritten by parent Company guarantees bonds. Ultimately, poor performance may result in the Authority having the right to terminate the Project Agreement. As noted in the discussion of the company's key performance indicators, the levels of deductions levied in the year were low and are not considered to pose a risk to the project.

Streamlined Energy & Carbon Reporting
The Company has adopted the operational control boundary approach for the measurement of energy emissions, as the Directors believe this reflects the level of emissions that can be actively controlled and reduced. The company does not have operational control over the underlying asset and utilisation of the energy and as a result is classed as a low energy user.

Key performance indicators
The Company operations are managed under the supervision of its shareholders and funders and are largely determined by the detailed terms of the PFI contract which stipulates key performance criteria on operational activities as detailed in the following sections.

The FM providers have been performing in line with expectations of the KPI's and there have been minimal deductions from the Authority in the period.

Progress of the operations
Operations continue to be performed satisfactory.

Financial performance
The directors consider the performance of the Company during the year, the financial position at the end of the year and its prospects for the future to be satisfactory. Profit before tax for the year is £7,443,000 (2020 Restated: £18,762,000). The decrease in profit compared to prior year is due to a periodic margin reassessment and to a reduction in costs on which mark-up is applied.

Turnover is calculated by applying a margin to FM costs, SPV costs and Lifecycle. The directors have modelled the anticipated financial outcome of the project across its full term. The directors monitor actual financial performance against anticipated performance. Income and expenditure in respect of the year ended 31 December 2021, and in future years, which are based on long term contracts; are in line with the directors' expectations. Following the liquidation of Carillion plc in January 2018, an asset condition survey was carried out which identified a number of latent defects which had become the responsibility of the Project Co. Therefore a provision of £2,280,000 was included in the 2019 financial statements. The remaining provision is £1,022,000 (2020: £1,112,000) to cover the remaining costs to rectify defects for Gas and IT.

Cost of sales decreased in the year to £37,484,000 (2020: £46,733,000) due to a decrease in lifecycle and variation costs. Interest payable decreased by 44% in the year to £6,541,000 (2020 Restated: £11,720,000) due to the additional sub debt early repayment interest penalties incurred in 2020.

The Company had net liabilities of £11,955,000 (2020 Restated: £9,429,000) resulting from movements in the interest rate and RPI swaps, which are significantly out of the money.

Going concern
The Directors have prepared cash flow forecasts which indicate that, taking account of severe but plausible downsides, the Company 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 1.2.

The Company was able to meet the financial covenants as at 31 December 2021 and is forecast to meet them for the foreseeable future, for at least 12 months from the date of signing the accounts.

Taking into account reasonable possible risks in operations to the Company, the fact the obligations of the Company's sole customer are underwritten by the Secretary of State for Health, the Directors have a reasonable expectation that the Company 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 Company 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 Company's main stakeholders as the following:

i. The Company's shareholders and credit provider

Principal considerations of the board are whether the investment objective of the Company is meeting shareholder expectations and the how the manager implements the objective. These are discussed at all board meetings, which are held regularly throughout the year. The board also attends regular shareholder briefing meetings to ensure that shareholder engagement is optimized.

ii. The manager

The delivery by the manager of its services is fundamental to the long term success of the Company. 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.

iii. The Clients

The board recognises the importance of working in partnership with its public sector clients to successfully deliver a key public infrastructure asset. On behalf of the Company, the Manager fosters this partnership through regular meetings with the clients' representative and other key managers. The Manager provides regular monthly reporting to the public sector clients on the performance of its obligations under the PFI arrangement. Periodically the directors will also meet with the public sector clients to discuss key service delivery matters.

iv. The Service Providers

On behalf of the Company, the Manager seeks to maintain a constructive relationship with the service providers by meeting regularly. The service provider reports provided to the Company contain service provision information and relevant information about the performance of the PFI contract. These reports are reviewed by both the Manager and the board. Periodically the Directors will also meet with the service providers to discuss key service delivery matters.

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 Company has outsourced the management of the Company 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 Company. 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 Company's employees

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

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

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

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

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

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

The Company 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 Company

The members of the Company 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 Company's key stakeholders and reflect the board's belief that the long term sustainable success of the Company is linked directly to its key stakeholders.

On behalf of the board

James Heath
....
Mr J C Heath
Director

Date: 13-Oct-2022

EASTBURY PARK LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

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

Principal activities
The principal activity of the Company are the provision of fully serviced and managed accommodation under the Private Finance Initiative (PFI) for a period of twenty-five years pursuant to and in accordance with the terms of an agreement with the Secretary of State for Defence ("Authority"). This agreement together with a loan facilities agreement, a construction contract, a facilities management contract and other related contracts was signed on 28 July 2006. Construction began in October 2006 and was fully completed in July 2011.

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

Interim dividends were paid amounting to £17,266,202 (2020: £1,126,000). The directors do not recommend payment of a final dividend.

Post year end a dividend was paid in May 2022 for £978,000.

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 15 July 2022)
Mr L Murphy	
Ms E J Beswetherick	
Mr J C Heath	
Mr A Deacon	(Appointed 15 July 2022)

Qualifying third party indemnity provisions
The company has ensured qualifying third party indemnity provisions have been provided for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Future developments
The directors continue to develop the business in line with the contract and there are no issues expected.

Auditor
Johnston Carmichael LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Energy and carbon report
As the company has not consumed more than 40,000 kWh of energy in this reporting period, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

Statement of disclosure to auditor
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Financial Instruments overview
The Company's financial instruments result in the Company's exposure to liquidity, credit rate and interest rate risks. Further information on the financial instruments employed by the Company can be seen in the notes to these financial statements.

Credit Risk
The Company's credit risk is primarily attributable to its trade and other receivables and the finance debtor. With the exception of relatively small trade receivable for activities ancillary to the PFI contracts recharged to other parties, the receivables arise from the Company's client. The credit and cash flow risks are not considered significant as the client is a quasi-governmental organisation. As a result, there is no impact expected from credit risk on the going concern assumption adopted.

Interest rate Risk
The Company hedges its interest rate risk at the inception of the project by swapping its variable rate debt into a fixed rate by the use of an interest rate swap. As such the Company's exposure to interest is reduced.

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

Inflation Risk
The Company's project revenue, operating costs and subordinated debt interest rate are linked to inflation.

On behalf of the board

James Heath
....
Mr J C Heath
Director

13-Oct-2022
Date: ....

EASTBURY PARK LIMITED

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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice and FRS102, the Financial Reporting Standard applicable in the UK and the 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 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 appropriate UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

EASTBURY PARK LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF EASTBURY PARK LIMITED

Opinion
We have audited the financial statements of Eastbury Park Limited (the 'company') for the year ended 31 December 2021 which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021, and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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.

EASTBURY PARK LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF EASTBURY PARK LIMITED

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the 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 set out on page 8 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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

We assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations by considering their experience, past performance and support available.

All engagement team members were briefed on relevant identified laws and regulations and potential fraud risks at the planning stage of the audit. Engagement team members were reminded to remain alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the company, 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:

- FRS 102
- Companies Act 2006
- *Corporation Tax legislation*
- VAT legislation

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

We assessed the susceptibility of the 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 for any breaches of laws and regulations or for any indication of any potential litigation and claims, and events and conditions that could indicate an incentive or pressure to commit fraud or provide opportunity to commit fraud;
- Reviewing the level of and reasoning behind the company's procurement of legal and professional services;
- Performing audit work procedures over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing judgements made by management in their calculation of accounting estimates for potential management bias; and
- Agreement of the financial statement disclosures to supporting documentation.

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

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.

Use of our report

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

Johnston Carmichael LLP

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

13 October 2022

Chartered Accountants
Statutory Auditor

7-11 Melville Street
Edinburgh
EH3 7PE

EASTBURY PARK LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £000	2020 Restated £000
Turnover	**3**	43,959	70,251
Cost of sales		(37,484)	(46,733)
Gross profit		6,475	23,518
Administrative expenses		(1,069)	(2,101)
Operating profit		5,406	21,417
Interest receivable and similar income	**7**	8,578	9,065
Interest payable and similar expenses	**8**	(6,541)	(11,720)
Profit before taxation		7,443	18,762
Tax on profit	**9**	(2,893)	(2,454)
Profit for the financial year		4,550	16,308

The profit and loss account has been prepared on the basis that all operations are continuing operations.

EASTBURY PARK LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £000	2020 Restated £000
Profit for the year		4,550	16,308
Other comprehensive income			
Cash flow hedges gain/(loss) arising in the year		11,146	(636)
Tax relating to other comprehensive income	9	(956)	718
Other comprehensive income for the year		10,190	82
Total comprehensive income for the year		14,740	16,390

EASTBURY PARK LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021 £000	2021 £000	2020 Restated £000	2020 Restated £000
Current assets					
Debtors falling due after more than one year	11	106,018		114,891	
Debtors falling due within one year	11	28,753		24,274	
Cash at bank and in hand		14,604		32,725	
		149,375		171,890	
Creditors: amounts falling due within one year	12	(31,612)		(31,128)	
Net current assets			117,763		140,762
Creditors: amounts falling due after more than one year	13		(128,696)		(149,079)
Provisions for liabilities					
Provisions	15	1,022		1,112	
			(1,022)		(1,112)
Net liabilities			(11,955)		(9,429)
Capital and reserves					
Called up share capital	17		100		100
Hedging reserve			(14,524)		(24,714)
Profit and loss account			2,469		15,185
Total shareholders' funds			(11,955)		(9,429)

The financial statements were approved by the board of directors and authorised for issue on 13-Oct-2022 and are signed on its behalf by:

James Heath
....
Mr J C Heath
Director

Company Registration No. 5839649

EASTBURY PARK LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

Restated	**Notes**	**Share capital £000**	**Hedging reserve £000**	**Profit and loss reserves £000**	**Total £000**
Balance at 1 January 2020		100	(24,796)	3	(24,693)
Year ended 31 December 2020:					
Profit for the year		-	-	16,308	16,308
Other comprehensive income:					
Cash flow hedges losses		-	(636)	-	(636)
Tax relating to other comprehensive income		-	718	-	718
Total comprehensive income for the year		-	82	16,308	16,390
Dividends	**10**	-	-	(1,126)	(1,126)
Balance at 31 December 2020		100	(24,714)	15,185	(9,429)
Year ended 31 December 2021:					
Profit for the year		-	-	4,550	4,550
Other comprehensive income:					
Cash flow hedges gains		-	11,146	-	11,146
Tax relating to other comprehensive income		-	(956)	-	(956)
Total comprehensive income for the year		-	10,190	4,550	14,740
Dividends	**10**	-	-	(17,266)	(17,266)
Balance at 31 December 2021		100	(14,524)	2,469	(11,955)

1 Accounting policies

Company information

Eastbury Park Limited is a private company limited by shares incorporated in England and Wales. The registered office is 8 White Oak Square, London Road, Swanley, Kent, BR8 7AG and the registered number is 5839649.

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The Company's parent undertaking, Eastbury Park (Holdings) Limited includes the company in its consolidated financial statements. The consolidated financial statements of Eastbury Park (Holdings) Limited are prepared in accordance with FRS102 and are available to the public and may be obtained from companies House, Crown Way, Cardiff, CF14 3UZ. In these financial statements the company is considered to be a qualifying entity (for the purpose of this FRS) and has applied the exemptions available under FRS 102 in respect of the following

- Reconciliation of the number of shares outstanding from the beginning to end of the period
- Cash Flow statement and related notes; and
- Key Management Personnel compensation

As the consolidated financial statements of Eastbury Park (Holdings) Limited include the equivalent disclosures; the company has also taken the exemptions under FRS102 available in respect of the following disclosures;

- The disclosures required by FRS 102. 11 basic Financial Instruments and
- FRS 102. 12 Other Financial Instruments Issues in respect of financial instruments not falling within the fair value accounting rules of paragraph 36(4) of schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1 Accounting policies **(Continued)**

1.2 Going concern

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons:

The directors have prepared cash flow forecasts covering a period of at least 12 months from the date of approval of the financial statements which indicate that the company 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 and the directors expect these amounts to be received even in severe but plausible downside scenarios. The company continues to provide the assets in accordance with the contract and are available to be used. As a result the company does not believe there is any likelihood of a material impact to the unitary payment. The directors have considered the potential impact of the emergence and spread of COVID-19, which includes the company's operating cash inflows which are largely dependent on the unitary charge payments. Throughout the pandemic and to date, all unitary charge payments have been received on time and in full and the directors expect this to continue.

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 company, even in downside scenarios, due to the underlying contractual terms. To date, there has been no adverse impact on the services provided by the company or its subcontractors arising from COVID-19. However, in the unlikely event of a subcontractor failure, the company has its own business continuity plans to ensure that service provision will continue.

In addition, although the company is in a net liabilities position as at 31 December 2021 due to the fair value of the interest rate swaps, the directors have reviewed the company's forecasts and projections, taking into account future cash requirements and forecast receipts, which show that the company can continue to meet its debts as they fall due.

Consequently, the directors at the time of approving the financial statements have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

1.4 Cash and cash equivalents

Cash and cash equivalents 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 Company is obligated to keep a separate cash reserve under the terms of its senior loan facility, some of which has been placed in fixed term deposits accounts. This restricted balance, which is shown on the statement of financial position within the "cash at bank and in hand" balance for cash balances and within the "debtors due within one year" for amounts held in fixed term deposits, amounts to £20,647,000 at the year end (2020: £21,417,000).

1 Accounting policies **(Continued)**

1.5 Financial instruments

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

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

Financial assets and liabilities are offset, with 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.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Loans and receivables

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those held at fair value through profit or loss, 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.

1 Accounting policies **(Continued)**

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 company 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.

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 company after deducting all of its liabilities.

Basic financial liabilities
Basic financial liabilities, including creditors, bank loans and 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.

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.

Other financial liabilities
Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

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

1.6 Equity instruments
Equity instruments issued by the company 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 company.

1.7 Derivatives
Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

The company does not hold or issue derivative financial instruments for speculative purposes.

1 Accounting policies **(Continued)**

1.8 Hedge accounting

The company designates certain hedging instruments, including derivatives, embedded derivatives and non-derivatives, as either fair value hedges or cash flow hedges. At the inception of the hedge relationship, the company documents the relationship between the hedging instrument and the hedged item along with risk management objectives and strategy for undertaking various hedge transactions. At the inception of the hedge and on an ongoing basis, the company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

For derivatives that are designated and qualify as cash flow hedges, the effective portion of changes in the fair value of the hedge is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Any gain or loss previously recognised in other comprehensive income is reclassified to profit or loss when the hedge relationship ends. This occurs when the hedging instrument expires or no longer meets the hedging criteria, the forecast transaction is no longer highly probable, the hedged debt instrument is derecognised, or the hedging instrument is terminated.

To manage cashflows, the Company use a swap agreement to hedge against interest movements on senior debt by fixing the rate at 4.98%. The hedged cash flows are expected to occur and to affect profit or loss over the period to maturity of the interest rate swaps (31 March 2030).

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 statement of comprehensive income 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 company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

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 when the company has 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 Accounting policies **(Continued)**

1.10 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.11 Service concession accounting

The Company is an operator of a Public Finance Initiative ("PFI") contract. The Company entered into a project agreement (the "contract") with the Secretary State of Defence (the "Authority") to design, build, finance, operate and maintain the Northwood Headquarters. The contract negotiations were successfully completed on 28 July 2006 and construction commenced immediately. The project has been fully operational since July 2011. The concession period is for 25 years, during this period the company has contracted to provide hard and soft services to the Authority. The Company has passed these obligations down to a subcontractor via a subcontract. The obligation to provide major maintenance works (lifecycle) is undertaken by the Facilities Management Provider, however, as discussed in the strategic report, the risk that the costs exceed those forecast in the financial model is borne by the company. The timing and extent of the major maintenance works is a key assumption that will affect the cashflows of the Company, further information is shown in note 2. The Contract entitles the Authority to a share in any savings made by the Company on the actual insurance premiums incurred versus those assumed during the contract negotiations. Any savings are shared with the Authority on a semi-annual basis.

The Authority are entitled to terminate the Contract pursuant to breaches only. If the Authority default they are liable to pay the company compensation as set out in the Contract, which would include the senior debt, redundancy costs and other Facilities Management provider losses and the market value of the subordinated debt and shareholder equity.

As the Company entered into the contract prior to the date of transition to FRS102, the Company 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 Company under old UK GAAP, because the risks and rewards of ownership as set out in that standard are deemed to lie principally with the Trusts.

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 Authority pay the Company 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 Company 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.

1 Accounting policies (Continued)

1.12 Prior year adjustments

During the year it was identified that in the prior year the Company has incorrectly presented the EIR adjustment.

The impact on the financial statements is as follows:

		31 December 2020		
	Note	As previously reported £000	Effect of adjustment £000	Restated £000
Interest payable	8	14,357	(2,637)	11,720
Loan Balance	13	(123,340)	3,472	(119,868)
Opening P/L reserves		(832)	835	3

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Hedge accounting

The directors consider the company to have met the criteria for cash flow hedge accounting. The company has therefore recognised fair value movements on derivatives in effective hedging relationships through other comprehensive income as well as the deferred tax thereon.

The Fair Value of the swaps recorded in the accounts are based on Mark to Market estimates provided by the Bank. It is expected that changes to the hedging instrument and the loan will be materially consistent and limited to the transition from LIBOR to the new benchmark, as both the loan and the swap will be transitioned to the new benchmark at similar times in a broadly matching fashion. See Note 20 for further details.

2 Judgements and key sources of estimation uncertainty (Continued)

Key sources of estimation uncertainty
The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

Valuation of derivative financial instruments
The directors use their judgement in selecting a suitable valuation technique for derivative financial instruments. All derivative financial instruments are valued at the mark to market valuation provided by the derivative counterparty. In these cases, the company uses valuation techniques to assess the reasonableness of the valuation provided by the derivative counterparty. These techniques use a discounted cash flow analysis based on market observable inputs derived from similar instruments in similar and active markets. The fair value of derivative financial instruments at the balance sheet date was a liability of £19,365,000 (2020: £30,511,000 liability). The directors do not consider the impact of own credit risk to be material.

Service concession arrangement
As disclosed in Note 1, the company accounts for the project as a service concession arrangement. The directors use their judgement in selecting the appropriate financial asset rate to be applied in order to allocate the income received between revenue, and capital repayment of and interest income on the financial asset; and also the service margin that is used to recognise service revenue. The directors have also used their judgement in assessing the appropriateness of the future maintenance costs that are included in the company's forecasts. The directors will continue to monitor the condition of the assets and undertake a regular review of maintenance spend.

3 Turnover

All turnover and profit before taxation originates in the United Kingdom. Turnover is recognised in accordance with the finance debtor and services income accounting policy above and excludes VAT.

	2021	2020
	£000	£000
Turnover analysed by class of business		
Service income	35,285	55,192
Variation income	8,674	15,059
	43,959	70,251

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 company and the company's parent company	15	18

Auditors remuneration is payable to Johnston Carmichael LLP (2020: KPMG LLP).

5 Employees

The company had no employees during the year (2020: nil).

6 Directors' remuneration

	2021 £000	2020 £000
Sums paid to third parties for directors' services	186	180

7 Interest receivable and similar income

	2021 £000	2020 £000
Interest on bank deposits	2	70
Interest receivable on finance debtor	8,576	8,995
	8,578	9,065

8 Interest payable and similar expenses

	2021 £000	2020 Restated £000
Interest on bank loans	6,025	6,523
Interest payable to parent undertakings	420	5,102
Other interest	96	95
	6,541	11,720

9 Taxation

	2021 £000	2020 £000
Current tax		
UK corporation tax on profits for the current period	2,590	2,035
Other taxes	(16)	-
Total current tax	2,574	2,035
Deferred tax		
Other adjustments	319	419
Total tax charge	2,893	2,454

For the year ended 31 December 2021, the UK corporation tax rate of 19% is applied.

The Finance Act 2021 was substantially enacted in May 2021 and has increased the corporation tax rate to from 19% to 25% with effect from 1 April 2023. The deferred taxation balances have been measured using the rates expected to apply in the reporting periods when the timing differences reverse.

EASTBURY PARK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

9 Taxation **(Continued)**

The actual 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	7,443	18,762
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	1,414	3,565
Tax effect of expenses that are not deductible in determining taxable profit	51	51
Tax effect of utilisation of tax losses not previously recognised	-	(968)
Adjustments in respect of prior years	1,126	(502)
Reduction in corp tax from prior period	(16)	-
Effect of change in deferred tax rate	(120)	(115)
Group relief	-	3
Change in tax rate (from 17% to 19%)	-	(94)
Movement in recognised deferred tax assets in year	439	513
Taxation charge for the year	2,893	2,454

In addition to the amount charged to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2021 £000	2020 £000
Deferred tax arising on:		
Revaluation of financial instruments treated as cash flow hedges	956	(718)

It was announced in the March 2021 Budget that a rate of 25% would apply from 1 April 2023 and this change was substantively enacted on 24 May 2021. This will increase the Company's future tax charge accordingly.

10 Dividends

	2021 £000	2020 £000
Interim paid	17,266	1,126

EASTBURY PARK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

11 Debtors

Amounts falling due within one year:	2021 £000	2020 £000
Finance debtor	7,728	7,005
Other financial assets	17,535	17,179
Prepayments and accrued income	3,490	90
	28,753	24,274

Amounts falling due after more than one year:	Notes	2021 £000	2020 £000
Finance debtor		101,116	108,714
Deferred tax asset	16	4,902	6,177
		106,018	114,891
Total debtors		134,771	139,165

Other financial assets include amounts held within deposit accounts with a maturity of greater than three months but less than six months from the initial deposit date.

12 Creditors: amounts falling due within one year

	Notes	2021 £000	2020 Restated £000
Bank loans	14	6,186	4,777
Subordinated debt	14	505	450
Trade creditors		3,976	2,923
Unitary charge control account		14,978	13,606
Corporation tax		1,031	1,156
Other taxation		607	1,168
Accruals and deferred income		4,329	7,048
		31,612	31,128

13 Creditors: amounts falling due after more than one year

	Notes	2021 £000	2020 Restated £000
Bank loans	14	107,335	115,091
Subordinated debt	14	1,996	3,477
Derivative financial instruments		19,365	30,511
		128,696	149,079

Bank borrowings relate to term loan facilities granted by the bank on 28 July 2006. The loan facility is for a total value of £204,500,000 comprising £180,000,000 term loan facility, £20,000,000 equity bridge facility and £4,500,000 standby facility.

The term loan is repayable in six-monthly instalments which commenced on 31 March 2011 and end on 30 September 2030. Interest is charged on amounts drawn under the facilities based on floating LIBOR. There is a swap agreement effective from 28 July 2006 to 31 March 2030 which fixes the interest rate at 4.98% to be applied to the expected future borrowings under the facilities.

Derivative Financial Instruments

The swaps have a fixed interest rate of 4.98% and expire in March 2030. The interest rate swaps settle on a semi-annual basis. The floating rate on the interest rate swaps is six months Libor. The Company will settle the difference between the fixed and floating interest rate on a net basis.

All interest rate swap contracts are designated as hedges of variable interest rate risk of the Company's floating rate borrowings. The hedged cash flows are expected to occur and to affect profit or loss over the period to maturity of the interest rate swaps.

The fair value of the derivative financial instrument above compromise the fair value of the interest rate swap designated in an effective hedging relationship. The swaps contracts were designated as a cash flow hedge of variable interest rate risk. The hedge cash flows are expected to occur and to affect profit or loss over the period to maturity of the swaps. The decrease in fair value of the interest rate swap liability that was recognised in other comprehensive income in the period was £11,146,000 (2020: decrease of £636,000).

The amendments to FRS 102 in respect of the interest rate benchmark reform provide relief to the company in respect of certain loans whose contractual terms are affected by interest benchmark reform. The amendments provide relief in applying the requirements of FRS 102 to certain hedges, including allowing the company to assume that interest rate benchmarks on which hedged cash flows are based (e.g. LIBOR) will not be altered as a result of interest rate benchmark reform. Consequently, hedging relationships that may have otherwise been impacted by interest rate benchmark reform have remained in place and no additional ineffective portion of the hedge has been recognised.

14 Loans and overdrafts

	2021 £000	2020 Restated £000
Bank loans	113,521	119,868
Subordinated debt	2,501	3,927
	116,022	123,795
Payable within one year	6,691	5,227
Payable after one year	109,331	118,568
	116,022	123,795

The long-term loans are secured by fixed charges over all the rights which the company now has and all of the rights which it acquires at any time in the future in land, equipment, investments, key contracts, key accounts, intellectual property, debts, goodwill and uncalled capital and in any rights accruing to, derived from or otherwise connected with them (including insurances and proceeds of disposals and of insurances). They are also secured by way of first floating charge, its undertaking and all present and future assets owned by or belonging to it otherwise than those effectively charged by way of a first fixed charge.

The shareholders' of the company's immediate parent company, Eastbury Park (Holdings) Limited, subscribed to £19,520,000 of loan stock on 21 October 2010. The loan stock which is unsecured carries interest at 11% plus indexation and is repayable in instalments on or before 30 September 2030.

15 Provisions for liabilities

	2021 £000	2020 £000
Provision for liabilities	1,022	1,112

Movements on provisions:

	Provision for liabilities £000
At 1 January 2021	1,112
Provisions made during the year	393
Provision released during the year	327
Provisions used during the year	(810)
At 31 December 2021	1,022

15 Provisions for liabilities (Continued)

The provision relates to remaining anticipated costs for rectification of defects following the compulsory liquidation of Carillion Construction Limited that the Company is now obligated to undertake. The rectifications are ongoing and expect to be completed in 2022.

16 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

Balances:	Assets 2021 £000	Assets 2020 £000
Derivative financial instrument	4,842	5,797
Deferred tax on EIR adjustments	60	380
	4,902	6,177

Movements in the year:	2021 £000
Asset at 1 January 2021	6,177
Charge to profit or loss	(439)
Charge to other comprehensive income	(2,787)
Effect of change in tax rate - profit or loss	120
Effect of change in tax rate - other comprehensive income	1,831
Asset at 31 December 2021	4,902

17 Share capital and reserves

Ordinary share capital	2021 Number	2020 Number	2021 £000	2020 £000
Issued and fully paid				
Ordinary Shares of £1 each	100,000	100,000	100	100

EASTBURY PARK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

17 Share capital and reserves (Continued)

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Other reserves

The Company's other reserves are as follows:

The profit and loss reserve represents cumulative profits or losses.

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred. Amounts accumulated in this reserve are reclassified to profit or loss in the periods in which the hedged item affects profit or loss or when the hedging relationship ends.

18 Related party transactions

Director services were provided to the company during the year by companies related to InfraRed (Infrastructure) Capital Partners Limited at a cost of £186,000 (2020: £180,000). As at 31 December 2021, £361,000 (2020: £244,000) was owed to companies related to InfraRed (Infrastructure) Capital Partners Limited in respect of director services.

As at 31 December 2021, £1,300,000 (2020: £1,498,000) was owed to Infrastructure Investments General Partner Limited, comprising a loan repayable of £1,223,000 (2020: £1,448,000) and accrued interest of £76,000 (2020: £50,000).

As at 31 December 2021, £1,300,000 (2020: £1,498,000) was owed to InfraRed Infrastructure Yield General Partner Limited, comprising a loan repayable of £1,223,000 (2020: £1,448,000) and accrued interest of £76,000 (2020: £50,000).

During the year to 31 December 2021 £184,000 (2020: £3,754,178) was paid to Infrastructure Investments General Partner Limited, comprising of sub debt interest.

During the year to 31 December 2021 £184,000 (2020: £3,754,178) was paid to Infrastructure Yield General Partner Limited, comprising of sub debt interest.

During the year to 31 December 2021 £8,633,000 (2020: £563,000) was paid to Infrastructure Investments General Partner Limited, comprising of dividends.

During the year to 31 December 2021 £8,633,000 (2020: £563,000) was paid to Infrastructure Yield General Partner Limited, comprising of dividends.

19 Ultimate controlling party

The Company's immediate parent company is Eastbury Park (Holdings) Limited, a company incorporated in the United Kingdom, whose registered address is 8 White Oak Square, London Road, Swanley, Kent BR8 7AG .

The smallest and largest group in which the company's results are consolidated are Eastbury Park (Holdings) Limited. The financial statements are available to the public and may be obtained from:

Companies House
Crown Way
Cardiff
CF14 3UZ

20 Post balance sheet events

Post year end an amendment has been made to the interest rate swap agreement in order to transfer from LIBOR to SONIA (effective 13 June 2022). No other significant changes were made to the agreement as a result of this amendment.