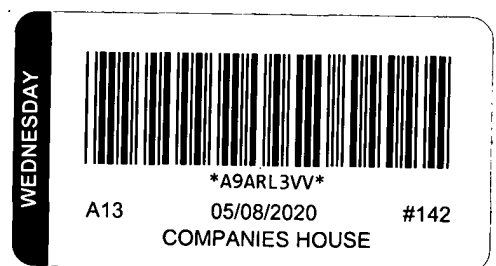


**Sheffield LEP Limited**  
**Annual Report and Financial Statements**  
**31 March 2020**

Registered number: 06084791



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## Directors and advisors

<b>Directors</b>	Mark Holden Sarah Favre John Doyle Amer Sheikh
<b>Secretary</b>	Imagile Secretariat Services Limited Third Floor Broad Quay House Prince Street Bristol BS1 4DJ
<b>Registered office</b>	Third Floor Broad Quay House Prince Street Bristol BS1 4DJ
<b>Auditor</b>	KPMG LLP Regus, 4 <sup>th</sup> Floor Salt Quay House 6 North East Quay Plymouth PL4 0HP
<b>Banker</b>	Sumitomo Mitsui Banking Corporation Europe Limited 99 Queen Victoria Street London EC4V 4EH

## Strategic report

The Directors present their strategic report for Sheffield LEP Limited (the "Company") for the year ended 31 March 2020.

### Principal activities and future developments

Sheffield LEP Limited provided construction and other services to Sheffield City Council, with exclusivity over the provision of building services to secondary schools, for a period of 10 years from 31 July 2007. These contracts expired on 31 July 2017, however, the LEP continues to provide other services to Sheffield City Council as required.

The Company also has an investment in a PFI group (see Note 10 for details) for which it provides some financing.

### Business review and strategy

The Company's strategy and objective is to manage the financial and operational requirements of the PFI until the end of the concession.

The Company has no employees.

### Development and financial performance during the year

As reported in the Company's Profit and Loss account, revenue has increased from £312,000 in 2019 to £347,000 in 2020.

The loss for the year after taxation was £35,000 (2019: loss of £65,000), the loss arising in the year was a result of loss making contracts that have been renegotiated to a break-even / profitable position. Operations were in line with expectation for the period.

### Key performance indicators

The Company's directors believe that analysis using KPIs is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company.

The results for the year are set out in the statement of profit and loss and other comprehensive income on page 8.

### Financial risk management

The Company has exposures to a variety of financial risks which are managed with the purpose of minimising any potential adverse effect on the Company's performance. The Directors have policies for managing each of these risks and they are summarised below:

#### *Interest rate risk*

The subordinated debt interest have been fixed through the use of fixed funding rates, plus a margin. Details of this can be found in note 14.

#### *Inflation risk*

The Company's project revenue and most of its costs are linked to inflation at the inception of the project, resulting in the Company being largely insensitive to inflation.

#### *Liquidity risk*

The Company adopts a prudent approach to liquidity management by endeavouring to maintain sufficient cash and liquid resources to meet its obligations as they fall due. This is done through regular periodic cash flow forecasting of operating accounts through the operating model and requirements under the credit agreement to hold liquid resources in reserve accounts at the calculation dates.

## Strategic report (*continued*)

### Financial risk management (*continued*)

#### *Credit risk*

The Company receives the bulk of its revenue from the Authority and is not exposed to significant credit risk. Cash investments are with institutions of a suitable credit quality.

#### *Brexit risk*

The Company is exposed to Brexit risk as a result of the inherent uncertainty around the UK's exit from the European Union. 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 cost of supplies. 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.

#### *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 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.

### Position of the Company at the year end

The Company is performing to the required standards of the contract.

By order of the board



M. Holden  
Director

Dated: 29 July 2020

## Directors' report

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

### Results for the period

The result for the period is set out at page 8. The directors are satisfied with the overall performance and progress of the Company to date.

### Dividends

The directors do not propose to pay a dividend in respect of the year (2019: *£nil*).

### Going Concern

Having examined the current status of the Company's principal contracts, including agreed amendments to contracts made during the year, and likely developments in the foreseeable future. The Directors have prepared cash flow forecasts which indicate that, taking account of serve but plausible downsides, the Company will have sufficient funds to meets 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. Taking into account reasonable possible risks in operations to the Company, the fact the obligations of the Company's customers are underwritten by the Secretary of State for Education 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.

### Directors

The directors of the Company who held office during the year and up to date of this report are as follows:

Mark Holden  
Sarah Favre (appointed 2 August 2019)  
John Doyle  
Amer Sheikh

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.

### Disclosure of information to auditor

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

### Post balance sheet events

There are no post balance sheet events to report.

### Political contributions

The Company made no political contributions during the year (2019: *£nil*).

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



M. Holden  
Director

Dated: 29 July 2020

## **Statement of directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements**

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 they have elected to prepare the 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 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 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 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 company or to cease operations, or 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 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 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 company and to prevent and detect fraud and other irregularities

## **Independent auditor's report to the members of Sheffield LEP Limited**

### **Opinion**

We have audited the financial statements of Sheffield LEP Limited ("the company") for the year ended 31 March 2020 which comprise the Profit and loss account and statement of other comprehensive income, balance sheet, statement of changes in equity, cash flow and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required 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



## Independent auditor's report to the members of Sheffield LEP Limited *(continued)*

- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **The purpose of our audit work and to whom we owe our responsibilities**

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.



Andrew Gordon (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor  
*Chartered Accountants*  
Regus, 4<sup>th</sup> Floor  
Salt Quay House  
6 North East Quay  
Plymouth  
PL4 0HP

31 July 2020

**Profit and loss account and statement of other comprehensive income**  
*for the year ended 31 March 2020*

	Note	2020	2019
		£'000s	£'000s
Turnover	2	347	312
Cost of sales		(393)	(392)
<b>Operating loss</b>	6	<b>(46)</b>	<b>(80)</b>
Interest receivable and similar income	7	69	98
Interest payable and similar expenses	8	(69)	(98)
<b>Loss before taxation</b>		<b>(46)</b>	<b>(80)</b>
Tax on loss	9	11	15
<b>Loss after taxation</b>		<b>(35)</b>	<b>(65)</b>

All amounts relate to continuing operations.

There is no difference between the profit for the financial year as shown in the profit and loss account and their historical cost equivalents.

The notes on pages 12 to 19 form part of these financial statements.

**Balance sheet**  
*at 31 March 2020*

	Note	2020	2019
		£'000s	£'000s
<b>Fixed asset</b>			
Investments	10	<u>1</u>	<u>1</u>
<b>Current assets</b>			
Debtors (including £187,000 (2019: £844,000) due after more than one year)	11	244	873
Cash at bank and in hand		<u>16</u>	<u>61</u>
		<u>260</u>	<u>934</u>
<b>Creditors: amounts falling due within one year</b>	12	<u>(31)</u>	<u>(13)</u>
<b>Net current assets</b>		<u>229</u>	<u>921</u>
<b>Creditors: amounts falling due after more than one year</b>	13	<u>(187)</u>	<u>(844)</u>
<b>Net assets</b>		<u>43</u>	<u>78</u>
<b>Capital and reserves</b>			
Called up share capital	15	1	1
Profit and loss account		<u>42</u>	<u>77</u>
<b>Total shareholders' funds</b>		<u>43</u>	<u>78</u>

The financial statements were approved by the board of directors and authorised for issue on 29 July 2020 and are signed on its behalf by:



**M. Holden**  
*Director*

The notes on pages 12 to 19 form part of these financial statements.

**Statement of changes in equity**  
*for the year ended 31 March 2020*

	Called up share capital	Profit and loss account	Total shareholders' funds
	£'000s	£'000s	£'000s
Balance as at 1 April 2018	1	142	143
Profit and total comprehensive income for the year	-	(65)	(65)
Balance as at 31 March 2019	1	77	78
Loss and total comprehensive income for the year	-	(35)	(35)
Balance as at 31 March 2020	1	42	43

The notes on pages 12 to 19 form part of these financial statements.

**Cash flow statement**  
*for the year ended 31 March 2020*

	2020 £'000s	2019 £'000s
<b>Cash flows from operating activities</b>		
Loss after taxation	(35)	(65)
<i>Adjustments for:</i>		
Interest receivable and similar income	(69)	(98)
Interest payable and similar expenses	69	98
Taxation	(11)	(15)
	<u>(46)</u>	<u>(80)</u>
Decrease in debtors	640	85
Decrease in creditors	(639)	(9)
	<u>(45)</u>	<u>(4)</u>
Tax paid	-	(4)
	<u>(45)</u>	<u>(8)</u>
<b>Net cash outflow from operating activities</b>		
<b>Cash inflows from investing activities</b>		
Interest received	69	78
<b>Cash inflows from investing activities</b>	<u>69</u>	<u>78</u>
<b>Cash flows from financing activities</b>		
Interest paid	(69)	(78)
<b>Cash outflows from financing activities</b>	<u>(69)</u>	<u>(78)</u>
Net decrease in cash	(45)	(8)
Cash and cash equivalents at 1 April	61	69
<b>Cash and cash equivalents at 31 March</b>	<u>16</u>	<u>61</u>

The notes on pages 12 to 19 form part of these financial statements.

## Notes

*(forming part of the financial statements)*

### 1. Accounting policies

Sheffield LEP Limited (the "Company") is a private company limited by shares and incorporated, registered and domiciled in England & Wales in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014 and the Companies Act 2006. The amendments to FRS 102 issued in July 2015 and September 2015 have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

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

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 18.

#### *Basis of accounting*

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards. A summary of the more important accounting policies of the Company which have been applied consistently is set out below.

#### *Going concern*

The Company had net assets of £43,000 as at 31 March 2020 and generated a loss for the year then ended of £35,000. The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report on page 2.

The Directors have prepared cash flow forecasts covering a period of 14 months from the date of approval of these financial statements through to 30 September 2021 which indicate that, taking account of severe but plausible downsides, the Company will have sufficient funds to meet its liabilities as they fall due for that period. In order to settle its own financial obligations, the Company is dependent on Paradigm (Sheffield BSF) Limited, a fellow group company, generating sufficient cashflows to settle the payments of principal and interest on the onward loan for subordinated debt and the contractual obligations to provide services to Sheffield City Council which are charged at no gain no loss basis by the Company. Those forecasts are dependent on Paradigm (Sheffield BSF) Limited underlying customer continuing to meet its obligations under the Project Agreement which are underwritten but the Secretary of State for Education.

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

Paradigm (Sheffield BSF) Limited operating cash inflows are largely dependant on unitary charge receipts receivable from Sheffield City Council and the Directors expect these amounts to be received even in severe but plausible downside scenarios.

Paradigm (Sheffield BSF) Limited continues to provide the asset in accordance with the contract and is 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 assessed the viability of Paradigm (Sheffield BSF) Limited's 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 Paradigm (Sheffield BSF) Limited, 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 sub-contractors arising from COVID-19. However, in the unlikely event of a subcontractor failure, Paradigm (Sheffield BSF) Limited has its own business continuity plans to ensure that service provision will continue.

The Directors believe Paradigm (Sheffield BSF) Limited has sufficient funding in place and expect the Company to be in compliance with its debt covenants even in severe but plausible downside scenarios.

## Notes (continued)

Consequently, the Directors are confident that 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.

### *Classification of financial instruments issued by the Company*

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- (b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

### *Basic financial instruments*

#### *Trade and other debtors / creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

#### *Interest-bearing borrowings classified as basic financial instruments*

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

#### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits.

### *Other financial instruments*

#### *Financial instruments not considered to be Basic financial instruments (Other financial instruments)*

The Company does not hold any other financial instruments not meeting the definition of Basic Financial Instruments.

### *Impairment excluding stocks and deferred tax assets*

#### *Financial assets (including trade and other debtors)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss.

## Notes (continued)

### Fixed Asset Investments

The investment in Paradigm (Sheffield BSF) Holdings Limited is stated at cost. The carrying value of this investment is reviewed annually by the directors to determine whether there has been any impairment to the value.

### Taxation

Taxation is based on the result for the financial year and where relevant takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax, if recognised, is recognised without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 102.

### Turnover

Turnover represents the value of work done on long term contracts and services rendered, in relation to the construction and facilities management of schools for Sheffield City Council. It arises entirely in the UK and excludes value added tax.

### Interest

Interest payable and similar charges include interest payable on borrowings and associated ongoing financing fees. Interest receivable and similar income include interest receivable on funds invested.

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

## 2. Turnover

	2020	2019
The turnover and loss before taxation are attributable to the one activity of the Company.	£'000s	£'000s
Services income	<u>347</u>	<u>312</u>

All turnover arose within the United Kingdom.

## 3. Segmental reporting

The Company's activities consist solely to the provision of design, construction, finance, facilities management and ICT services to schools in the city of Sheffield in the United Kingdom.

## 4. Employee information

The Company had no employees during the current or preceding financial year.

## 5. Directors' emoluments

The directors received no remuneration for their services (2019: *Nil*).

There are deemed to be no other Key Management Personnel compensated through the Company.



**Notes (continued)**

**6. Operating loss**

	2020	2019
	£'000s	£'000s
The loss before taxation is stated after charging:		
Auditor's remuneration:		
Audit of these financial statements	<u>10</u>	<u>9</u>

**7. Interest receivable and similar income**

	2020	2019
	£'000s	£'000s
Loan stock interest receivable	<u>69</u>	<u>98</u>

**8. Interest payable and similar expenses**

	2020	2019
	£'000s	£'000s
Loan stock interest	<u>69</u>	<u>98</u>

**9. Taxation**

**Total tax expense recognised in the profit and loss account, other comprehensive income and equity**

	2020	2019
	£'000s	£'000s
<i>Deferred tax</i>		
Losses created and carried forward	<u>11</u>	<u>15</u>
<b>Total deferred tax</b>	<u>11</u>	<u>15</u>

## Notes (continued)

### 9. Taxation

#### Reconciliation of effective tax rate

	2020 £'000s	2019 £'000s
Loss after taxation	(35)	(65)
Total tax credit	11	15
Loss before taxation	(46)	(80)
Taxation using the UK corporation tax rate of 19%	9	15
Origination and reversal of timing differences	2	-
Total tax recognised in profit and loss	11	15

A change to the future UK corporation tax rate was announced in the March 2020 Budget. The rate remained at the previous rate of 19% from 1 April 2020 and did not drop to 17% per the previous enacted legislation. This change has been substantively enacted at the balance sheet date and will increase the Company's future tax charge accordingly.

### 10. Fixed asset investments

	Total £'000s
At 31 March 2020 and 31 March 2019	1

In the opinion of the directors the aggregate value of investments is not less than that shown in the balance sheet.

The Company owns investments in the following company:

	Percentage held	Nature of business	Country of registration
Paradigm (Sheffield BSF) Holdings Limited	10%	PFI holding company	England and Wales

The principal activity of Paradigm (Sheffield BSF) Holdings Limited is to administer its investment in its subsidiary, Paradigm (Sheffield BSF) Limited, a company whose business is to finance, design, construct and operate three PFI schools within the Building Schools for the Future (Sheffield) programme.

## Notes (continued)

### 11. Debtors

	2020	2019
	£'000s	£'000s
<b>Amounts falling due within one year:</b>		
Trade debtors	7	-
VAT receivable	8	14
Prepayments and accrued income	9	-
Deferred tax	26	15
Subordinated loan stock receivable	7	-
	<u>57</u>	<u>29</u>
	2020	2019
	£'000s	£'000s
<b>Amounts falling due after more than one year:</b>		
Subordinated loan stock receivable	187	844
	<u>187</u>	<u>844</u>

The subordinated loan stock receivable has the same terms as the loan stock payable and the full amount is expected to be recognised after more than one year.

### 12. Creditors: amounts falling due within one year

	2020	2019
	£'000s	£'000s
Accruals	24	13
Loan stock	7	-
	<u>31</u>	<u>13</u>

### 13. Creditors: amounts falling due after more than one year

	2020	2019
	£'000s	£'000s
Loan stock	187	844
	<u>187</u>	<u>844</u>

## Notes (continued)

### 14. Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest -bearing loans and borrowings, which are measured at amortised cost.

	2020 £'000s	2019 £'000s
Loan stock	<u>194</u>	<u>844</u>
	<u>194</u>	<u>844</u>
<i>Analysis of debt</i>		
Within one year	7	-
Between one and two years	8	-
Between two and five years	32	-
In five years or more	<u>147</u>	<u>844</u>
	<u>194</u>	<u>844</u>

The subordinated loan stock, is unsecured and interest is payable at 9.22% plus indexation based on the movement in RPI from January 2009 to 2 months prior to the biannual repayment dates. The final repayment date is 31 July 2034.

### 15. Called up share capital

	2020 £'000s	2019 £'000s
<i>Issued, called up and fully paid</i>		
Ordinary shares of £1 each	<u>1</u>	<u>1</u>

### 16. Related party transactions

Sheffield LEP Limited holds a 10% indirect share holding in Paradigm (Sheffield BSF) Limited and received £235,000 (2019: £225,000) for management services provided to this entity during the period. The amount receivable from Paradigm (Sheffield BSF) Limited at the year end was £nil (2019: £nil).

The Company holds 10% of the share capital of Paradigm (Sheffield BSF) Holdings Limited. The amounts receivable on loan notes due from Paradigm (Sheffield BSF) Holdings Limited at year end was £194,000 (2019: £844,000), and interest of £50,000 (2019: £78,000) was receivable on these during the year.

Amounts are payable to shareholders under loan notes issued by the Company. The total amount payable on these loans at the year end was £194,000 (2019: £844,000). The interest payable on the loans in the year was £50,000 (2019: £78,000).

Sheffield Council holds 10% of the share capital of the Company and paid £34,000 (2019: £35,000) for services provided by Paradigm (Sheffield BSF) Limited during the period. The amount receivable from Sheffield Council at the year end was £7,000 (2019: £nil).

### 17. Ultimate controlling party

The Company's immediate and ultimate parent and controlling parties are Infrared Infrastructure Yield Holdings Limited, registered address 12 Charles II Street, London, SW1Y 4QU, and Infrastructure Investment Holdings Limited, registered address 12 Charles II Street, London, SW1Y 4QU.

## Notes (continued)

### 18. Accounting estimates and judgements

The preparation of financial statements in conformity with FRS 102 requires management to make judgements, estimates and assumptions that affect the application of 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 are recognised in the period if the revision affects both current and future periods. The directors do not consider there to be any material judgements which affect the balances in the accounts.

### 19. Net debt

The below is an analysis of changes in net debt of the Company from the beginning to the end of the current reporting period:

	1 April 2019 £'000	Cash flows £'000	Other non- cash changes £'000	31 March 2020 £'000
<b>Net debt analysis</b>				
Borrowings less than one year	-	-	7	7
Borrowings more than one year	844	(670)	13	187
Cash at bank and in hand	(61)	45	-	(16)
	<b>783</b>	<b>(625)</b>	<b>20</b>	<b>178</b>