REGISTERED NUMBER: 06523340 (England and Wales)

Strategic Report, Directors' Report and

Financial Statements

for the Year Ended 31 March 2020

for

Kent PFI Company 1 Limited

Kent PFI Company 1 Limited

Contents of the Financial Statements
for the year ended 31 March 2020

Kent PFI Company 1 Limited

Company Information
for the year ended 31 March 2020

DIRECTORS:	J A Hansen A J Trow J L Lee K L Flaherty
REGISTERED OFFICE:	3 More London Riverside London SE1 2AQ
REGISTERED NUMBER:	06523340 (England and Wales)
AUDITOR:	KPMG LLP One Snowhill Snow Hill Queensway Birmingham B4 6GH

Kent PFI Company 1 Limited

Directors' Report
for the year ended 31 March 2020

The directors present their report with the financial statements of the company for the year ended 31 March 2020.

PRINCIPAL ACTIVITY
The principal activity of the company is the provision of construction and maintenance services to three secondary schools for pupils across Kent under a PFI contract signed in October 2008. The schools are Thamesview School, Northfleet Technical College and St Johns Catholic Comprehensive School. The operational phase started in July 2010 with the contract expiring on 31 August 2039.

REVIEW OF BUSINESS
The statement of comprehensive income is set out on page 7 and shows a profit on ordinary activities before taxation of £348,000 (2019: £321,000).

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.

DIVIDENDS
The directors authorised payment of an interim dividend of £230,000 (2019: £273,000).

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

DIRECTORS
The directors shown below have held office during the whole of the period from 1 April 2019 to the date of this report.

J A Hansen
A J Trow
J L Lee

Other changes in directors holding office are as follows:

D C Ward - resigned 17 October 2019
K L Flaherty - appointed 17 October 2019

PRINCIPAL RISKS AND UNCERTAINTIES
The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks affecting the company are considered to relate to cash flow management, facility management compliance and review of the insurance cover and lifecycle profile. The company is exposed to inflation risk as some of its operational costs are RPI linked. This risk is mitigated as an element of the company's availability income is also linked to RPI. The board formally reviews risks and appropriate processes are put in place to mitigate them.

GOING CONCERN
The Company had net liabilities of £15,723,000 as at 31 March 2020 and generated a profit for the year then ended of £282,000. The net liabilities position is caused by the interest rate swap liability, which is a non cash item that does not affect the cashflows of the Company and the liability will be unwound over the life of the project.

The Directors have prepared cash flow forecasts covering a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, 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 which are underwritten by Kent County Council.

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

The Company's operating cash inflows are largely dependent on unitary charge receipts receivable from the local authority and the Directors expect these amounts to be received even in reasonably possible downside scenarios.

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

The Directors have assessed the viability of its main sub-contractors and reviewed the contingency plans of the sub-contractors and are satisfied in their ability to provide the services in line with the contract without significant additional costs to the 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 sub-contractors 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.

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

Kent PFI Company 1 Limited

Directors' Report - continued
for the year ended 31 March 2020

GOING CONCERN - 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.

POST BALANCE SHEET EVENTS
There have been no material post balance sheet events which would require disclosure or adjustment to these financial statements.

STATEMENT AS TO DISCLOSURE OF INFORMATION 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, being information needed by the auditor in connection with preparing its report, of which the company's auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

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.

ON BEHALF OF THE BOARD:

....
K L Flaherty - Director

Date: 2nd July 2020

**Statement of Directors' Responsibilities
for the year ended 31 March 2020**

The directors are responsible for preparing 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 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.

Report of the Independent Auditor to the Members of
Kent PFI Company 1 Limited

Opinion
We have audited the financial statements of Kent PFI Company 1 Limited for the year ended 31 March 2020 which comprise the statement of comprehensive income, balance sheet, statement of changes in equity 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 profit 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.

Directors' report
The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.
Our responsibility is to read 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 directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has 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
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities
As explained more fully in their statement set out on page 4, 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.

Report of the Independent Auditor to the Members of Kent PFI Company 1 Limited

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.

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.

James Tracey (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Date: 6 July 2020

Kent PFI Company 1 Limited

Statement of Comprehensive Income
for the year ended 31 March 2020

	Notes	2020 £'000	2019 £'000
TURNOVER		4,003	3,698
Cost of sales		(3,670)	(3,482)
GROSS PROFIT		333	216
OPERATING PROFIT	3	333	216
Interest receivable and similar income	4	4,257	4,400
Interest payable and similar expenses	5	(4,242)	(4,295)
PROFIT BEFORE TAXATION		348	321
Tax on profit	6	(66)	(61)
PROFIT FOR THE FINANCIAL YEAR		282	260
OTHER COMPREHENSIVE INCOME			
Change in fair value of cash flow hedge		(2,060)	-
Income tax relating to other comprehensive income		743	-
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		(1,317)	-
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		(1,035)	260

The notes form part of these financial statements

Kent PFI Company 1 Limited (Registered number: 06523340)

Balance Sheet
31 March 2020

	Notes	2020 £'000	2019 £'000
CURRENT ASSETS			
Debtors: amounts falling due within one year		3,411	3,280
Debtors: amounts falling due after more than one year	8	65,628	67,443
Cash at bank		2,742	3,171
		71,781	73,894
CREDITORS			
Amounts falling due within one year	9	(8,550)	(8,812)
NET CURRENT ASSETS		63,231	65,082
TOTAL ASSETS LESS CURRENT LIABILITIES		63,231	65,082
CREDITORS			
Amounts falling due after more than one year	10	(59,301)	(61,947)
OTHER FINANCIAL LIABILITIES	12	(19,653)	(17,593)
NET LIABILITIES		(15,723)	(14,458)
CAPITAL AND RESERVES			
Called up share capital	13	10	10
Cash flow hedging reserve	14	(15,919)	(14,602)
Retained earnings	14	186	134
SHAREHOLDERS' DEFECIT		(15,723)	(14,458)

The financial statements were approved by the Board of Directors and authorised for issue on 2nd July 2020 and were signed on its behalf by:

....

K L Flaherty - Director

The notes form part of these financial statements

Kent PFI Company 1 Limited

Statement of Changes in Equity
for the year ended 31 March 2020

	Called up share capital £'000	Retained earnings £'000	Cash flow hedging reserve £'000	Total equity £'000
Balance at 1 April 2018	10	147	(14,602)	(14,445)
Changes in equity				
Dividends (see note 7)	-	(273)	-	(273)
Total comprehensive income	-	260	-	260
Balance at 31 March 2019	10	134	(14,602)	(14,458)
Changes in equity				
Dividends (see note 7)	-	(230)	-	(230)
Total comprehensive income/(loss)	-	282	(1,317)	(1,035)
Balance at 31 March 2020	10	186	(15,919)	(15,723)

1. ACCOUNTING POLICIES

Basis of preparing the financial statements
Kent PFI Company 1 Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

These financial statements have been prepared in accordance with Financial Reporting Standard 102 and the Companies Act 2006 for the year ended 31 March 2020. The presentation currency of these financial statements is sterling, which is the functional currency of the company. All amounts in the financial statements have been rounded to the nearest £1,000.

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments.

The Company's parent undertaking, International Public Partnerships Limited Partnership includes the Company in its consolidated financial statements. The consolidated financial statements of International Public Partnerships Limited Partnership are prepared in accordance with IFRS and are available to the public and may be obtained from 3 More London Riverside, London, SE1 2AQ. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- 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 International Public Partnerships Limited Partnership include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument 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.

Related Party Transactions
As the company is a member of the International Public Partnerships Limited Partnership Group, it has taken advantage of the exemption contained in FRS102 Section 33.1A not to disclose transactions between two or more members of a group provided that a subsidiary which is a party to the transaction is wholly owned by such a member.

Going concern
The Company had net liabilities of £15,723,000 as at 31 March 2020 and generated a profit for the year then ended of £282,000. . The net liabilities position is caused by the interest rate swap liability, which is a non cash item that does not affect the cashflows of the Company and the liability will be unwound over the life of the project.

The Directors have prepared cash flow forecasts covering a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, 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 which are underwritten by Kent County Council.

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

The Company's operating cash inflows are largely dependent on unitary charge receipts receivable from the local authority and the Directors expect these amounts to be received even in reasonably possible downside scenarios.

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

The Directors have assessed the viability of its main sub-contractors and reviewed the contingency plans of the sub-contractors and are satisfied in their ability to provide the services in line with the contract without significant additional costs to the 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 sub-contractors 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.

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

1. **ACCOUNTING POLICIES - continued**

Going concern - 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.

Turnover
Income received in respect of the service concession is allocated between revenue and capital repayment and interest income on the PFI financial asset using the effective interest rate method. Service revenue is recognised as on non-pass-through operating and maintenance costs plus a margin.

Revenue and expenses are recognised on an accruals basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises. Revenue is measured at the fair value of the consideration received, net of discounts and taxes.

Taxation
Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Interest-bearing loans and borrowings
All interest-bearing loans and borrowings which are basic financial instruments are initially recognised at the present value of the future payments discounted at a market rate of interest for a similar loan. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Short term debtors and creditors
Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Statement of comprehensive income in administrative expenses

Derivative instruments and hedging
The company used derivative financial instruments in the form of interest rate swaps to reduce its exposure to interest rate fluctuations on the company's floating rate bank loan. The company has determined that its interest rate swap qualifies for hedge accounting under FRS 102. Accordingly the effective portion of the gain or loss on the interest rate swap is recognised directly in other comprehensive income in the cashflow hedge reserve, with the ineffective portion recognised in profit or loss. The hedging gain or loss accumulated in the cash flow hedge reserve is reclassified to the income statement when the hedged item is recognised in profit or loss or when the hedged future cash flows are no longer expected to occur.

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value.

Derivatives are carried as assets when the fair value is positive and liabilities when the fair value is negative. The fair value of interest rate swap contracts is determined by calculating the present value of the estimated future cashflows based on observable yield curves.

1. **ACCOUNTING POLICIES - continued**

Service concession - financial assets
The Company has taken advantage of the exemption contained within 35.10(i) of FRS 102 not to apply 34.12I - 34.16A to its

PFI service concession arrangement (the finance debtor). Accordingly the service concession arrangement has continued to be accounted for using the same accounting policies that applied at the date of transition to FRS 102.

Specifically the finance debtor is accounted for as a financial asset at amortised cost using the effective interest rate method, whereby the asset related unitary charge is allocated between repayment of the finance debtor and finance income at the property specific rate.

Interest receivable and interest payable
Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions.

Other interest receivable and similar income include interest receivable on funds invested. Interest income and interest payable are recognised in profit or loss as they accrue. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established.

Judgements and key sources of estimation uncertainty
The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amount reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

There are no significant accounting estimates or judgements required in the preparation of these financial statements.

2. **EMPLOYEES AND DIRECTORS**

There were no employees during the year (2019: none). The directors have no contract of service with the company (2019: none).

3. **OPERATING PROFIT**

The following costs were incurred during the year:

	2020	2019
	£'000	£'000
Auditor's remuneration - audit of these financial statements	10	10

4. **INTEREST RECEIVABLE AND SIMILAR INCOME**

	2020	2019
	£'000	£'000
Deposit account interest	22	17
Finance debtor interest	4,235	4,383
	4,257	4,400

5. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	2020	2019
	£'000	£'000
Bank borrowings	3,401	3,439
Amounts owed to shareholders	841	856
	4,242	4,295

6. TAXATION

Analysis of the tax charge
The tax charge on the profit for the year was as follows:

	2020 £'000	2019 £'000
Current tax:		
UK corporation tax	66	61
Tax on profit	66	61

UK corporation tax was charged at 19% in 2020.

Reconciliation of total tax charge included in profit and loss
The tax assessed for the year is the same as (2018: the same as) the standard rate of corporation tax in the UK.

	2019 £'000	2018 £'000
Profit before tax	348	321
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 – 19%)	66	61
Total tax charge	66	61

Tax effects relating to effects of other comprehensive income

	Gross £'000	2020 Tax £'000	Net £'000
Change in fair value of cash flow hedge	(2,060)	743	(1,317)

	Gross £'000	2019 Tax £'000	Net £'000
Change in fair value of cash flow hedge	-	-	-

Factors affecting the tax charges in future years
A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016, and the UK deferred tax asset/(liability) as at 31 March 2020 has been calculated based on this rate. In the 11 March 2020 Budget it was announced that the UK tax rate will remain at the current 19% and not reduce to 17% from 1 April 2020. This will have a consequential effect on the company's future tax charge.

7. DIVIDENDS

	2020 £'000	2019 £'000
Ordinary shares of £1 each		
Interim	230	273

8. DEBTORS

	2020 £'000	2019 £'000
Amounts falling due within one year:		
Trade debtors	-	22
Amounts receivable in respect of financial assets	2,557	2,400
Prepayments and accrued income	854	858
	3,411	3,280

8. DEBTORS – continued

	2020 £'000	2019 £'000
Amounts falling due after more than one year:		
Amounts receivable in respect of financial assets	61,894	64,452
Deferred tax asset	3,734	2,991
	65,628	67,443
Aggregate amounts	69,039	70,723

Deferred tax asset consists of:

	2020 £'000	2019 £'000
Fair value of cash flow hedge	3,734	2,991

	2020 £'000
Balance at 1 April 2019	2,991
Movement due to rate change	352
Movement in other comprehensive income	391
As at 31 March 2020	3,734

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £'000	2019 £'000
Bank loans and overdrafts (see note 11)	2,506	2,626
Trade creditors	64	283
Amounts owed to group undertakings (see note 11)	140	146
Corporation tax	16	16
Accruals and deferred income	5,824	5,741
	8,550	8,812

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2020 £'000	2019 £'000
Bank loans (see note 11)	52,491	54,997
Amounts owed to group undertakings (see note 11)	6,810	6,950
	59,301	61,947

11. LOANS

An analysis of the maturity of the bank loan is given below:

	2020 £'000	2019 £'000
Repayment schedule of the bank loan:		
Wholly repayable within five years	13,412	13,322
Not wholly repayable within five years	42,176	44,991
	55,588	58,313

11. **LOANS – continued**

As at 31 March 2020, £55,588,000 (2019: £58,313,000) has been drawn, comprising the senior term loan. Loan issue costs in respect of this facility have been deducted from the gross proceeds of the bank borrowings and an effective interest rate is used to calculate finance costs in accordance with the provisions of Section 11. There was an effective interest rate adjustment of £591,000 (2019: £690,000) on these loans outstanding at the year end.

The senior debt repayments commenced on the 31 March 2011 and the debt will be repaid at six monthly intervals with the final repayment being due on the 2 February 2035. Interest is charged on amounts drawn under the facilities based on floating LIBOR. The company has entered into interest hedging agreements to be applied to the expected future borrowings under the variable rate debt facilities. The hedging agreements in respect of these loans fix the interest rate at 4.585% until 2 February 2035. They are also secured by way of a floating charge over the whole of the charged assets being the whole of the property (including uncalled capital) which is or may be from time to time comprised in the property and undertaking of the chargor.

An analysis of the maturity of the group loan is given below:

	2020 £'000	2019 £'000
Repayment schedule of the group loan:		
Wholly repayable within five years	646	676
Not wholly repayable within five years	6,304	6,420
	6,950	7,096

Amounts owed to group undertakings comprise loan stock of £6,950,000 (2019: £7,096,000) from Kent PFI Holdings Company 1 Limited. These borrowings bear interest at 12% per annum and are repayable in instalments on or before 30 September 2035. There was £418,000 (2019: £425,000) of accrued interest on these loans outstanding at the year end.

12. **OTHER FINANCIAL LIABILITIES**

	2020 £'000	2019 £'000
Swap liability	19,653	17,593

	Swap Liability £'000
Balance at 1 April 2020	17,593
Charge to Statement of Comprehensive Income during the year	2,060
Balance at 31 March 2020	19,653

Interest rate swaps are valued at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

The interest rate swap settles on a bi-annual basis. The floating rate on the interest rate swap is six months LIBOR. The project will settle the difference between the fixed and floating interest rate on a net basis.

The fair value of these financial instruments at 31 March 2020 was a liability of £19,653,000 (2019: £17,593,000). A loss of £2,060,000 (2019: no gain or loss) was recognised in other comprehensive income and gains of £nil (2019: gains of £nil) in excess of the fair value of the hedging instruments over the change in the fair value of expected cash flows were recognised in profit or loss. £nil (2019: £nil) was reclassified to profit or loss for the period.

13. CALLED UP SHARE CAPITAL

Allotted and issued:

Number:	Class:	Nominal value:	2020 £'000	2019 £'000
10,000	Ordinary	£1	10	10

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

14. RESERVES

	Retained earnings £'000	Hedging Reserve £'000	Totals £'000
At 1 April 2019	134	(14,602)	(14,468)
Profit for the year	282	-	282
Dividends (see note 7)	(230)	-	(230)
Effective portion of changes in fair value of cashflow hedge	-	(1,317)	(1,317)
At 31 March 2020	186	(15,919)	(15,733)

15. PARENT UNDERTAKINGS

The directors regard Kent PFI Holdings Company 1 Limited, an entity incorporated in England and Wales as the immediate parent undertaking and controlling party and International Public Partnerships Limited, a company registered in Guernsey as the ultimate parent undertaking and controlling party. Copies of the consolidated financial statements of International Public Partnerships Limited Partnership, the smallest and largest group of which the company is a member and for which group financial statements are prepared, can be obtained from the registered address at 3 More London Riverside, London, SE1 2AQ.