Company Registration No. 06555665 (England and Wales)

INTEQ SERVICES (HOLDINGS) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

INTEQ SERVICES (HOLDINGS) LIMITED

COMPANY INFORMATION

Directors	H O'Gorman ID Lamerton JS Gordon
Secretary	Resolis Limited
Company number	06555665
Registered office	Watling House 5th Floor 33 Cannon Street London EC4M 5SB
Auditor	Johnston Carmichael LLP 7 - 11 Melville Street Edinburgh EH3 7PE

INTEQ SERVICES (HOLDINGS) LIMITED

CONTENTS

The directors present the strategic report for the Company and the Group for the year ended 31 March 2022.

These financial statements have been prepared under FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Group objectives
The objectives of the Group are to successfully design, construct, finance and operate communication facilities at the Ministry of Defence, Basil Hill, Corsham for a period of 25 years through a contract with the Ministry of Defence under the government's Private Finance Initiative (the PFI contract).

Group's strategy
To ensure that the Group achieves its objective, the strategy is to implement processes, policies and procedures to comply with the control matrices stipulated in the project documentation committed to at the inception of the project. This includes minimising performance and availability deductions, cash monitoring and maintenance of good working relationships between all stakeholders.

Ownership
Inteq Services (Holdings) Limited is owned by its parent companies Coral Project Investments LP and Dalmore Capital Fund LP, acting by their general manager, Dalmore Capital Limited, and operates in the United Kingdom.

Review of the Business
The Company is a holding company, owned by its ultimate parent companies, with one wholly owned subsidiary undertaking, Inteq Services Ltd.

The Group's operations are managed under the supervision of its shareholders and lender and are largely determined by the detailed terms of the PFI contract. For this reason, the Group's Directors believe no other key performance indicators are necessary or appropriate to understand the performance and financial position of the Group.

The Group declared dividends in the year of £774,000 (2021: £1,114,000).

The profit for the financial year is £1,501,000 (2021 restated: profit £969,000).

At the year end the Group had net liabilities of £10,439,000 (2021 restated: £19,935,000).

The PFI contract and related subcontracts are fixed for the life of the contract and this enables the Group to have reasonable certainty over its income and expenditure for this period. In addition, the Group has a Facilities Agreement in place with its lender which fixes the levels of borrowing and repayments due until the loans are fully repaid in 2033.

There have not been any changes in the Group's activities in the period under review, and the Directors are not aware, at the date of this report, of any likely changes in the next year.

Principal Risks and Uncertainties
General

As the project is currently in its operational phase, operational risks are monitored closely. This takes the form of full-time representation on site through the Group's management services agent, periodic reporting by an independent Technical Assessor, and regular dialogue with the executive team of .

Whilst the main elements of cash flow (unitary payments, facility management costs and lifecycle costs) are contractually linked to the RPI index, a relatively small proportion of total costs is not. A rise in these costs above the general rate of inflation would reduce debt service cover ratios. The most significant of these costs is insurance. The Group's claims history so far is good, and recent policy renewals have led only to moderate premium increases. In addition, there are mechanisms under the terms of the PFI contract to share with any extreme changes in policy premiums.

The Group's revenues have largely been in line with expectations, with very few deductions applied for non-availability of the assets. Any such deductions are passed down to the subcontractors so there is no direct financial consequence to the Group. Sustained non-availability can lead to contract termination but the Group is not anywhere close to such termination trigger points. Compliance with the detailed and complex operational requirements of the PFI contract remains a key risk given the potential termination consequences. Directors receive regular reports on actual performance compared to termination trigger thresholds.

Another risk is the continued funding from the public sector counterparties to the PFI contract, especially as these counterparties are under pressure to make savings on their operational PFI contracts. To date, most of the pressure to make such cost savings has fallen on the sub-contractors to the PFI project companies rather than on the PFI project companies themselves. Furthermore, it is understood that current policy from central government is not to encourage voluntary termination of PFI projects.

Performance of the Business and Future Developments
The operational activity is closely monitored throughout the year. This takes several forms: regular site visits by Directors, full-time representation on site through the Group's management services agent, an annual report by the Lender's technical advisor and quarterly reporting by the management services agent.

The Group made a pre-tax profit of £1,853,000 compared to a pre-tax profit of £1,197,000 in 2021, largely due to higher operating costs in 2021.

Large variations currently in progress include the B1 floorplate (£1.2m). Contract variations are fully funded by the Ministry of Defence and therefore have no significant impact on the risk profile of the Group.

The delivery of operational services is generally running well and is expected to continue to do so.

Key performance indicators
The Group's operations are managed under the supervision of its shareholders and lender and are largely determined by the detailed terms of the PFI contract.

The level of performance and availability deductions arising from failures to achieve specified levels of contract service is a key performance indicator. These are reported quarterly to the Board and have been extremely small in relation to total unitary payments.

Another key indicator is the ratio of operating cash flow to the senior debt service amount. This ratio is tested at six monthly intervals and each time it has been to the satisfaction of the lender.

Going Concern

The Company acts as a holding company for Inteq Services Limited. It has no immediate requirement for funding.

The Group currently has £89,355,000 of total debt (2021: £94,497,000). Whilst it has net liabilities of £10,439,000 in 2022 (2021 restated: £19,935,000), this is as a result of accounting for the fair value of an interest rate swap agreement, the majority of which does not crystallise as liabilities for a number of years and as such the Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that it should be able to operate within the level of its current facilities.

The net current assets of the business are positive. However, the Group is in a deficit position due to the inclusion of the hedge reserve on the statement of financial position and this will unwind completely over the term of the hedge.

The Directors have reviewed the Group's projected profits and cash flows by reference to a financial model covering accounting periods up to 2033. The Group has considerable financial resources together with long-term contracts with the Ministry of Defence. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully.

Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Companies Act 2006 Section 172 Statement

The directors of the Group consider they have acted appropriately and in such a way as to promote the long term success of the Group for the benefit of its members as a whole.

The Company has no direct employees as it is managed under a Managed Service Agreement (MSA). The directors are satisfied that those people employed under the MSA are appropriately qualified and have the support systems in place to carry out their role. The directors are engaged with each team under the MSA to ensure the ongoing management of the underlying contracts of the Group and they work collaboratively with the teams to achieve success.

The Group is a special purpose company which has a finite lifespan with a defined set of obligations under Concession Agreements. The Group delivers its objectives through effective relationships with its stakeholders including suppliers and customers. This is affected by regular reporting and reviews with suppliers and customers to ensure delivery of the Group's objectives, whilst considering those stakeholders' needs. The directors of the Group meet regularly to review strategies for effective risk mitigation and service delivery in the context of its impact on all stakeholder interests, including shareholders, suppliers, customers and the wider community.

Due to the nature of the Group's operations, their impact on the community and environment is of paramount importance to the Group's success. Operating safely is the Group's primary objective and is as such integrated in everything the Group undertakes. A safe environment is managed through effective leadership, implementation of robust policies, procedures and instructions, safety management review processes both internally and externally with relevant stakeholders, reporting, audit and monitoring. An independent safety advisor is appointed by each of the companies within the Group, who reports directly to the Board of Directors.

The Group delivers contracts to support essential services to the public sector and takes its responsibility for ensuring that an appropriate environment is managed and maintained extremely seriously, ensuring the highest quality service is delivered from the assets under the Group's management.

On behalf of the board

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ID Lamerton

Director

Date: 31 / 03 / 2023

INTEQ SERVICES (HOLDINGS) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The directors present their annual report and financial statements for the Company and the Group for the year ended 31 March 2022.

Strategic report
The information that fulfils the Companies Act requirements of the business review is included in the strategic report. This includes a review of the development of the business of the Group during the year, of its position at the end of the year including a going concern statement, financial risk exposure and management and of the likely future developments in its business.

Environment
The Group recognises the importance of its environmental responsibilities, monitors its impact on the environment, and implements policies via its subcontractors to reduce any damage that might be caused by the Group's activities.

Principal activities
The Company's principal activity is to act as a holding Company for the investment in its subsidiary undertakings.

The principal activities of the Group are to design, construct, finance and operate Communication Facilities, Basil Hill,Corsham for a period of 25 years under a concession agreement with The Ministry of Defence. The contract was signed on 1 August 2008. Building activities commenced from that date were substantially completed at the end of October 2011. Full service operations for the whole site commenced in November 2011. The contract is scheduled to complete in July 2033.

Results and dividends
The results for the Company are set out in the statement of comprehensive income on page 11.

The 'review of business' is set out in strategic report on page 1.

Ordinary dividends were paid amounting to £774,000 (2021: £1,114,000).

Post year end, dividends were paid amounting to £1,383,000.

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

H O'Gorman
ID Lamerton
JS Gordon

Financial instruments
The Group is exposed to fair value interest rate risk on its fixed rate borrowings and cash flow interest rate risk on floating rate deposits, bank overdrafts and loans. The company uses interest rate derivatives to manage the mix of fixed and variable rate debt so as to reduce its exposure to changes in interest rates.

The Group holds or issues financial instruments for the purpose of financing its construction activity. In addition, various financial instruments - for example, trade debtors, trade creditors, accruals and prepayments - arise directly from the Group's operations.

The main risks arising from the Group's financial instruments are interest rate risk and liquidity risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

Liquidity risk
The latest financial forecasts show that unitary payment receivable under the PFI contract will be sufficient to repay all senior loan payments as they fall due.

Interest rate risk
The Group hedged 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.

The Group places excess funds on fixed term deposit until required to service its debt.

Credit risk
The Group receives the majority of its income from The Ministry of Defence and is not exposed to significant credit risk.

Cash investments and the interest rate swap arrangements are with institutions of a suitable credit quality.

Inflation risk
The Group's project revenue and most of its costs were linked to inflation at the inception of the project, resulting in the project being largely insensitive to inflation.

Auditor
The auditor, Johnston Carmichael LLP, is deemed to be reappointed under section 487(2) of the Companies Act

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 auditor of the Group 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 auditor of the company is aware of that information.

On behalf of the board

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ID Lamerton
Director

Date: 31 / 03 / 2023

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

The directors are responsible for preparing the Annual 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 (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF INTEQ SERVICES (HOLDINGS) LIMITED

Opinion

We have audited the financial statements of Inteq Services (Holdings) Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2022 which comprise the Group Statement of Comprehensive Income, Group Balance Sheet, Company Balance Sheet, Group Statement of Changes in Equity, Company Statement of Changes in Equity, Group Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 group's and the parent company's affairs as at 31 March 2022 and of the group's profit for the year then ended;
- the group and parent company's financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent 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 group and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 6 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Extent the audit was considered capable of detecting irregularities, including fraud

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

Extent to which the audit is considered capable of detecting irregularities, including fraud (continued)

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

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

We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and the parent company and the sector in which it operates, focusing on those provisions 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 group and parent company is complying with these laws and regulations by making enquiries of management and those charged with governance. We corroborated these enquiries through our review of relevant correspondence with regulatory bodies and board meeting minutes.

We assessed the susceptibility of the group'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.

In addition to the above, 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 reference to: breaches of laws and regulation or for any indication of any potential litigation and claims; and events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud;
- Reviewing the level of and reasoning behind the group and parent 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;
- Completion of appropriate checklists and use of our experience to assess the Company's compliance with the Companies Act 2006; 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.

Use of our report

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

Johnston Carmichael LLP

Grant Roger (Senior Statutory Auditor)
For and on behalf of Johnston Carmichael LLP

Date: 31 / 03 / 2023

Chartered Accountants
Statutory Auditor

7 - 11 Melville Street
Edinburgh
EH3 7PE

INTEQ SERVICES (HOLDINGS) LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £'000	2021 as restated £'000
Turnover	3	19,295	13,611
Cost of sales		(16,870)	(11,943)
Gross profit		2,425	1,668
Administrative expenses		(754)	(685)
Operating profit		1,671	983
Interest receivable and similar income	7	6,476	6,834
Interest payable and similar expenses	8	(6,294)	(6,620)
Profit before taxation		1,853	1,197
Tax on profit	9	(352)	(228)
Profit for the financial year	21	1,501	969
Other comprehensive income			
Cash flow hedges gain arising in the year		9,730	6,168
Tax relating to other comprehensive income		(961)	(1,172)
Other comprehensive income for the year, net of income tax		8,769	4,996
Total comprehensive income for the year		10,270	5,965

Total comprehensive income for the year is all attributable to the owners of the parent company.

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

INTEQ SERVICES (HOLDINGS) LIMITED

GROUP BALANCE SHEET

AS AT 31 MARCH 2022

	Notes	2022 £'000	2022 £'000	2021 as restated £'000	2021 as restated £'000
Current assets					
Debtors falling due after more than one year	**14**	90,636		97,347	
Debtors falling due within one year	**14**	9,551		6,180	
Cash at bank and in hand		6,902		7,021	
		107,089		110,548	
Creditors: amounts falling due within one year	**15**	(22,658)		(21,608)	
Net current assets			84,431		88,940
Creditors: amounts falling due after more than one year	**16**		(94,870)		(108,875)
Net liabilities			(10,439)		(19,935)
Capital and reserves					
Called up share capital	**19**		1		1
Hedging reserve	**20**		(11,099)		(19,868)
Profit and loss reserves	**21**		659		(68)
Total equity			(10,439)		(19,935)

The financial statements were approved by the board of directors and authorised for issue on 31 / 03 / 2023 and are signed on its behalf by:

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ID Lamerton

Director

INTEQ SERVICES (HOLDINGS) LIMITED

COMPANY BALANCE SHEET

AS AT 31 MARCH 2022

		2022		2021 as restated	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Investments	11		8,688		8,911
Current assets		-		-	
Creditors: amounts falling due within one year	15	(752)		(459)	
Net current liabilities			(752)		(459)
Total assets less current liabilities			7,936		8,452
Creditors: amounts falling due after more than one year	16		(7,935)		(8,451)
Net assets			1		1
Capital and reserves					
Called up share capital	19		1		1

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £774,000 (2021 - £1,114,000 profit).

The financial statements were approved by the board of directors and authorised for issue on 31 / 03 / 2023 and are signed on its behalf by:

....

ID Lamerton
Director

Company Registration No. 06555665

INTEQ SERVICES (HOLDINGS) LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	Share capital £'000	Hedging reserve £'000	Profit and loss reserves £'000	Total £'000
As restated for the period ended 31 March 2021		1	(24,864)	77	(24,786)
Year ended 31 March 2021:					
Profit for the year		-	-	969	969
Other comprehensive income:					
Cash flow hedges gains arising in the year		-	6,168	-	6,168
Tax relating to other comprehensive income		-	(1,172)	-	(1,172)
Total comprehensive income for the year		-	4,996	969	5,965
Dividends	10	-	-	(1,114)	(1,114)
Balance at 31 March 2021		1	(19,868)	(68)	(19,935)
Year ended 31 March 2022:					
Profit for the year		-	-	1,501	1,501
Other comprehensive income:					
Cash flow hedges gains arising in the year		-	9,730	-	9,730
Tax relating to other comprehensive income		-	(961)	-	(961)
Total comprehensive income for the year		-	8,769	1,501	10,270
Dividends	10	-	-	(774)	(774)
Balance at 31 March 2022		1	(11,099)	659	(10,439)

INTEQ SERVICES (HOLDINGS) LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	Share capital £'000	Profit and loss reserves £'000	Total £'000
As restated for the period ended 31 March 2021:				
Balance at 1 April 2020		1	-	1
Year ended 31 March 2021:				
Profit and total comprehensive income for the year		-	1,114	1,114
Dividends	**10**	-	(1,114)	(1,114)
Balance at 31 March 2021		1	-	1
Year ended 31 March 2022:				
Profit and total comprehensive income for the year		-	774	774
Dividends	**10**	-	(774)	(774)
Balance at 31 March 2022		1	-	1

INTEQ SERVICES (HOLDINGS) LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2022

		2022		2021 as restated	
	Notes	**£'000**	**£'000**	**£'000**	**£'000**
Cash flows from operating activities					
Cash generated from operations	**25**		4,949		6,824
Interest paid			(5,681)		(6,539)
Income taxes refunded/(paid)			53		(242)
Net cash (outflow)/inflow from operating activities			(679)		43
Investing activities					
Interest received		6,476		6,834	
Net cash generated from investing activities			6,476		6,834
Financing activities					
Repayment of borrowings		(223)		(408)	
Repayment of bank loans		(4,919)		(4,768)	
Dividends paid to equity shareholders		(774)		(1,114)	
Net cash used in financing activities			(5,916)		(6,290)
Net (decrease)/increase in cash and cash equivalents			(119)		587
Cash and cash equivalents at beginning of year			7,021		6,434
Cash and cash equivalents at end of year			6,902		7,021

1 Accounting policies

Company information

Inteq Services (Holdings) Limited is a private company limited by shares incorporated in England and Wales. The registered office is Watling House, 5th Floor, 33 Cannon Street, London, EC4M 5SB.

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.

1.2 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 March 2022. A subsidiary is an entity that is controlled by the Company. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Company takes into consideration potential voting rights that are currently exercisable.

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertaking. As a consolidated statement of comprehensive income is published, a separate statement of comprehensive income for the parent company is omitted from the Group financial statements by virtue of section 408 of the companies Act 2006. The profit for the financial year of the parent company was £774,000 (2021: £1,114,000).

Subsidiaries are consolidated in the group's financial statements from the date that control commences until the date that control ceases.

1.3 Going concern

The Company acts as a holding company for Inteq Services Limited. It has no immediate requirement for funding.

The Group currently has £89,355,000 of total debt (2021: £94,497,000). Whilst it has net liabilities of £10,439,000 in 2022 (2021 restated: £19,935,000), this is as a result of accounting for the fair value of an interest rate swap agreement, the majority of which does not crystallise as liabilities for a number of years and as such the Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that it should be able to operate within the level of its current facilities.

The net current assets of the business are positive. However, the Group is in a deficit position due to the inclusion of the hedge reserve on the statement of financial position and this will unwind completely over the term of the hedge.

The Directors have reviewed the Group's projected profits and cash flows by reference to a financial model covering accounting periods up to 2033. The Group has considerable financial resources together with long-term contracts with the Ministry of Defence. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully.

Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

1 Accounting policies **(Continued)**

1.4 Turnover

Turnover, which is stated net of value added tax, represents the services' share of the management services income received by the Company for the provision of a PFI (Private Finance Initiative) asset to the customer (The Ministry of Defence). This income is received over the life of the concession period. Management service income is allocated between turnover, finance debtor interest and reimbursement of finance debtor so as to generate a constant rate of return in respect of the finance debtor over the life of the contract.

1.5 Fixed asset investments

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

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

1.6 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of six months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

The company is obligated to keep cash reserves in respect of future major maintenance and debt servicing costs as at the balance sheet date and 30th September in respect of requirements in the company's funding agreements. This restricted cash balance, which is shown within the "cash at bank and in hand" balance amounts to £4,832,000 (2021: £4,645,000) as at the balance sheet date.

The Company is also obligated to keep a separate cash reserve in respect of Third Party Income. This restricted cash balance, which is shown on the balance sheet within the "cash at bank" balance, amounts to £250,000 at the year end (2021: £250,000).

1 Accounting policies **(Continued)**

1.7 Financial instruments

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

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

Basic financial instruments are initially recognised at the transaction price and subsequently at amortised cost, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are initially recognised at the present value of cash payable to the lender and are subsequently measured at amortised cost using the effective interest rate method, less impairment. The effective interest rate method is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument. The effective interest rate amortisation is included in interest payable and similar charges in the Statement of Comprehensive Income. Any transaction fees, costs, discounts and premiums directly related to the debt instrument are recognised in the Statement of Comprehensive Income over the duration of its life. Debt instruments with maturities greater than twelve months after the reporting date are classified as non-current liabilities.

Other financial instruments are subsequently measured at fair value, with any changes recognised in the Statement of Comprehensive Income, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in the Statement of Comprehensive Income immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in the Statement of Comprehensive Income immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised. 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 entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the Statement ol Financial Position. Finance costs and gains or losses relating to financial liabilities are included in the Statement of Comprehensive Income. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

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.

1 Accounting policies **(Continued)**

Impairment of financial assets

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

Derecognition of financial assets

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

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

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 group's contractual obligations expire or are discharged or cancelled.

1.8 Equity instruments

Share Capital

Share capital recognised at amortised cost represents the amount of equity in the form of shares invested by the shareholders.

1 Accounting policies **(Continued)**

Hedge accounting

The Company has entered into an arrangement with third parties that is designed to hedge future cash flows arising on variable rate interest loan arrangements, with the net effect of exchanging the cash flows arising under those arrangements for a stream of fixed interest cash flows ("interest rate swaps").

To qualify for hedge accounting, documentation is prepared specifying the hedging strategy, the component transactions and methodology used for effectiveness measurement. Changes in the carrying value of financial instruments that are designated and effective as hedges of future cash flows ("cash flow hedges") are recognised directly in a hedging reserve in equity and any ineffective portion is recognised immediately in the Statement of Comprehensive Income. Amounts deferred in equity in respect of cash flow hedges are subsequently recognised in the Statement of Comprehensive Income in the same period in which the hedged item affects net profit or loss or the hedging relationship is terminated and the underlying position being hedged has been extinguished.

The Company has elected to early adopt the FRS 102 Interest Rate Benchmark Reform Amendment. The amendments enable the Company to take advantage of the temporary amendments to specific hedge accounting requirements in FRS 102 paragraphs 12.25C to 12.25F to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms. The Company is exposed to LIBOR within its hedge accounting relationships, which is subject to interest rate benchmark reform.

The Company's borrowings are linked to LIBOR and as described at Note 13 the Company has entered into an interest rate swap to restrict its exposure to future interest rate fluctuations. The UK Financial regulator (the FCA) have legislated that GBP LIBOR will cease to be published after 31 December 2021. The Company is undergoing a review alongside relevant lenders to establish an alternative to LIBOR and intend to implement a solution in advance of the cessation date. For the purpose of evaluating whether there is an economic relationship between the hedged items and the hedging instruments, the Company assumes that the new interest rate benchmark will be on an economically equivalent basis to LIBOR and therefore will continue to apply hedge effectiveness throughout the transition period. This will be reassessed after the transition period once the terms of the change are finalised.

Post year end an amendment has been made to the interest rate swap agreement in order to transfer the benchmark rate from LIBOR to SONIA (effective 1 April 2022).

1.9 Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the Consolidated Statement of Comprehensive Income, except to the extent that it relates to items recognised in Other Comprehensive Income or directly in equity. In this case tax is also recognised in Other Comprehensive Income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

The directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establish provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

1 Accounting policies **(Continued)**

Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences 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 recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is also recognised on the revaluations of derivative financial instruments, with the movements going through the Consolidated Statement of Comprehensive Income. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the deferred tax asset or liability.

1.10 Lifecycle

Under the terms of the PFI contract, the company has a programme of expenditure for the maintenance of and replacement of non-moveable assets in the facilities. The company recognises such expenses as incurred, with any committed expenditure at the balance sheet dates being appropriately accrued for with the associated expense recognised through the Statement of Comprehensive Income.

1.11 Finance Debtor

The Company has taken advantage of the transition exemption in FRS 102 Section 35.10(i) that allows the Company to continue the service concession arrangement accounting policies from previous UK GAAP.

The Company is accounting for the concession asset based on the ability to substantially transfer all the risks and rewards of ownership to the customer.

The underlying finance asset is not deemed to be an asset of the Company under FRS102 section 34C, because the risks and rewards of ownership as set out in that Standard are deemed to lie principally with The Ministry of Defence. Under this arrangement, the costs incurred by the Company on the design and construction of the assets have been treated as a finance debtor within these financial statements.

The balance of Management service income received, after accounting for the finance debtor interest and amortisation components (which together sum to a constant figure in each period, as in a lease) is accounted for as turnover. This figure is adjusted in each period to ensure that income recognised more accurately reflects the value of economic benefits provided to the public sector client in each period, and is necessary due to the inflationary nature of the Management service income payments. As a consequence of this adjustment to turnover, which is generally positive in the first half of the concession and negative in the second half (and must net out over the whole concession), a unitary payment control account debtor or creditor is recorded on the balance sheet.

2 Judgements and key sources of estimation uncertainty

In the application of the group'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.

Fair Value of Derivative Financial Instruments

The Company uses derivative financial instruments to hedge certain economic exposures in relation to movements in interest rates as compared with the position that was expected at the date the underlying transaction being hedged was entered into. The Company fair values its derivative financial instruments and records the fair value of those instruments on its Statement of Financial Position. No market prices are available for these instruments and consequently the fair values are determined by calculating the present value of the estimated future cashflows based on observable yield curves. There is also a judgment on whether an economic hedge relationship exists in order to achieve hedge accounting. Appropriate documentation has been prepared detailing the economic relationship between the hedging instrument and the underlying loan being hedged.

Key sources of estimation uncertainty

Accounting for service concession arrangements

Accounting for the service concession contract and finance debtors requires estimation of service margins, finance debtor interest rates and associated amortisation profile which is based on forecast results of the contract. These were forecast initially within the operating model at financial close and are closely monitored throughout the duration of the project.

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2022	2021
		as restated
	£'000	£'000
Turnover analysed by class of business		
Turnover from service income	15,966	14,500
Turnover from pass-through income	3,329	1,472
	19,295	13,611

4 Auditor's remuneration

	2022	2021
Fees payable to the company's auditor and associates:	£'000	£'000
For audit services		
Audit of the financial statements of the group and company	19	18
	19	18

4 Auditor's remuneration (Continued)

For other services		
Taxation compliance services	4	4

Auditors remuneration is payable to Johnston Carmichael LLP.

5 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was nil (2021: nil)

6 Directors' remuneration

	2022 £'000	2021 £'000
Remuneration for qualifying services	47	46

Service fees payable to the Company's ultimate shareholders, for Directors' services to the Company during the year, were £31,273 (2021: £30,790) to Dalmore Capital 2 GP Ltd (on behalf of Dalmore Capital Fund LP) and £15,637 (2021: £15,395) to Dalmore Capital 18 GP Limited (on behalf of Coral Project Investments LP).

Services provided by the contractors include the provision of staff and management to perform contractual responsibilities. Costs associated with the staff and management are included within the contractor's service charges.

7 Interest receivable and similar income

	2022 £'000	2021 £'000
Interest income		
Bank interest receivable	1	8
Interest receivable on financial asset	6,475	6,826
Total income	6,476	6,834

8 Interest payable and similar expenses

	2022 £'000	2021 £'000
Interest on bank overdrafts and loans	899	1,171
Interest payable to group undertakings	1,057	1,107
Other finance costs	37	37
Interest payable on derivative financial instruments	4,209	4,208
Commitment fees	92	97
Total finance costs	6,294	6,620

9 Taxation

	2022	2021 as restated
	£'000	£'000
Current tax		
UK corporation tax on profits for the current period	352	228

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:

	2022	2021 as restated
	£'000	£'000
Profit before taxation	1,853	1,197
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	352	228
Taxation charge in the financial statements	352	228

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:

	2022	2021
	£'000	£'000
Deferred tax arising on:		
Revaluation of financial instruments treated as cash flow hedges	961	1,172

Factors that may affect future tax charges
Corporation tax will remain at 19% until March 2023. From 2023 the main rate will increase to 25% for business profits made by the Company over £250,000. A small profit rate (SPR) will also be introduced for companies with profits of £50,000 or less so that they will continue to pay corporation tax at 19%. Companies with profits between £50,000 and £250,000 will pay tax at the main rate reduced by a marginal relief providing a gradual increase in the effective corporation tax rate. The Company has assessed the impact of this change and consider the full rate of 25% will apply.

There is a deferred tax asset relating to the interest rate derivative, calculated at 25%, which will unwind over the term of the hedging arrangement. All movements in the deferred tax have been recognised in other comprehensive income.

10 Dividends

Recognised as distributions to equity holders:	2022 £'000	2021 £'000
Final paid	774	1,114

11 Fixed asset investments

	Notes	Company 2022 £'000	2021 £'000
Investments in subsidiaries	12	1	1
Loans to subsidiaries	12	8,687	8,910
		8,688	8,911

Movements in fixed asset investments
Company

	Shares in subsidiaries £'000	Loans to subsidiaries £'000	Total £'000
Cost or valuation			
At 1 April 2021	1	8,910	8,911
Repayments	-	(223)	(223)
At 31 March 2022	1	8,687	8,688
Carrying amount			
At 31 March 2022	1	8,687	8,688
At 31 March 2021	1	8,910	8,911

12 Subsidiaries

Details of the company's subsidiaries at 31 March 2022 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Inteq Services Limited	England	Ordinary	100.00

13 Financial instruments

	Group 2022 £'000	2021 £'000
Carrying amount of financial liabilities		
Measured at fair value through profit or loss		
- Other financial liabilities	14,797	24,528

13 Financial instruments (Continued)

Derivative financial instruments measured at fair value
The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

14 Debtors

	Group 2022 £'000	2021 £'000
Amounts falling due within one year:		
Trade debtors	2,989	-
Finance Debtor - due within 1 year	5,758	5,291
Other debtors	32	32
Prepayments and accrued income	81	54
	8,860	5,377
Deferred tax asset (note 18)	691	803
	9,551	6,180
Amounts falling due after more than one year:		
Finance Debtor - due after more than 1 year	87,628	93,490
Deferred tax asset (note 18)	3,008	3,857
	90,636	97,347
Total debtors	100,187	103,527

The finance debtor represents payments due from The Ministry of Defence in respect of the Project Agreement. These payments are received over the remaining life of the agreement.

15 Creditors: amounts falling due within one year

		Group		Company	
		2022	2021 as restated	2022	2021
	Notes	£'000	£'000	£'000	£'000
Bank loans	17	5,296	4,919	-	-
Loans from group undertakings	17	752	459	752	459
Trade creditors		2,295	8	-	-
Corporation tax payable		672	267	-	-
Other taxation and social security		392	480	-	-
Derivative financial instruments		2,765	4,228	-	-
Deferred income		9,537	10,201	-	-
Accruals and deferred income		949	1,046	-	-
		22,658	21,608	752	459

16 Creditors: amounts falling due after more than one year

		Group		Company	
		2022	2021	2022	2021
	Notes	£'000	£'000	£'000	£'000
Bank loans and other loan notes	17	74,902	80,124	-	-
Loans from group undertakings	17	7,936	8,451	7,935	8,451
Derivative financial instruments		12,032	20,300	-	-
		94,870	108,875	7,935	8,451

The secured senior loan represents amounts borrowed under the Facility Agreement with Commerzbank.

The loan bears interest at a 0.9% margin over LIBOR and is repayable in six-monthly instalments between 2012 and 2033 (post year end an amendment has been made to the interest rate swap agreement in order to transfer the benchmark rate from LIBOR to SONIA, effective 1 April 2022). The loan is secured by fixed and floating charges over the property, assets and rights of Inteq Services Ltd, and has certain covenants attached.

In order to hedge against interest variations on the loan, the Company has entered into an interest rate swap agreement with the bank whereby at six monthly intervals sums are exchanged reflecting the difference between floating and fixed interest rates, calculated on a predetermined notional principal amount.

17 Loans and overdrafts

An analysis of the maturity of loans is given below:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	£'000	**£'000**	**£'000**	**£'000**
Amounts falling due within one year or on demand:				
Senior secured loan	5,296	4,919	-	-
Loans from group undertakings	752	459	752	459
	6,048	5,378	752	459
Senior secured loan	5,598	5,297	-	-
Loans from group undertakings	497	516	497	516
	6,095	5,813	497	516
Amounts falling due between two and five years:				
Senior secured loan	18,657	17,764	-	-
Loans from group undertakings	1,952	1,710	1,952	1,710
	20,609	19,474	1,952	1,710
Amounts falling due after more than five years:				
Repayable by instalments				
Senior secured loan	51,116	57,607	-	-
Unamortised issue costs	(469)	(544)	-	-
Loans from group undertakings	5,487	6,225	5,487	6,225
	56,134	63,288	5,487	6,225
Bank loans	80,667	85,587	-	-
Loans from group undertakings	8,688	8,910	8,688	8,910
	89,355	94,497	8,688	8,910
Payable within one year	6,048	5,378	752	459
Payable after one year	83,307	89,119	7,936	8,451

17 Loans and overdrafts **(Continued)**

Terms and debt repayment schedule

The senior loan is secured by a fixed and floating charge over the assets of the Company.

The subordinated unsecured loan stock was subscribed by the shareholders on 25 October 2011 and bears interest at 12% per annum payable six-monthly in March and September each year. The stock is subordinated until all of the secured obligations of the Company have been repaid or discharged in full. Amounts owing to group undertakings are unsecured.

The Company also has a Working Capital Facility of £250,000 (2021: £250,000, Change in Law Facility of £2,408,686 (2021: £2,408,686) and Service Reserve Facility of £6,469,526 (2021: £6,469,526) with Commerz Bank which bears a rate of 0.4% paid semi annually. This has not been drawn down.

18 Deferred taxation

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

Group	**Assets 2022 £'000**	**Assets 2021 £'000**
Derivative financial instruments	3,699	4,660

The company has no deferred tax assets or liabilities.

Movements in the year:	**Group 2022 £'000**	**Company 2022 £'000**
Asset at 1 April 2021	(4,660)	-
Charge to other comprehensive income	961	-
Asset at 31 March 2022	(3,699)	-

The deferred tax asset set out above relates to the interest rate derivative which will unwind over the term of the hedging arrangement.

19 Share capital

Group and company Ordinary share capital Issued and fully paid	**2022 Number**	**2021 Number**	**2022 £'000**	**2021 £'000**
1,000 ordinary shares of £1	1,000	1,000	1	1

The Company has one class of ordinary shares which carry no rights to fixed income.

20 Hedging reserve

	Group 2022 £'000	2021 £'000
At the beginning of the year	(19,868)	(24,864)
Gains and losses on cash flow hedges	9,730	6,168
Tax on gains and losses on cash flow hedges	(961)	(1,172)
At the end of the year	(11,099)	(19,868)

21 Profit and loss reserves

	Group 2022 £'000	2021 as restated £'000	Company 2022 £'000	2021 as restated £'000
At the beginning of the year	172	77	-	-
Prior year adjustment	(240)	-	-	-
As restated	(68)	77	-	-
Profit for the year	1,501	969	774	1,114
Dividends	(774)	(1,114)	(774)	(1,114)
At the end of the year	659	(68)	-	-

22 Events after the reporting date

Post year end an amendment has been made to the interest rate swap agreement in order to transfer the benchmark rate from LIBOR to SONIA (effective 1 April 2022).

Post year end, dividends were paid amounting to £1,383,000.

23 Related party transactions

Transactions with related parties
During the year the group entered into the following transactions with related parties:

Name of related party	Nature of relationship
Coral Project Investments Limited	Intermediate Parent
Dalmore Capital Fund LP and its associates	Intermediate Parent

	Payments 2022 £'000	2021 £'000
Group		
Coral Project Investments Limited	766	1,312
Dalmore Capital Fund LP and its associates	815	1,363

23 Related party transactions **(Continued)**

Balances with related parties

The following amounts were outstanding at the reporting end date:

	Amounts due to related parties	
	2022	2021
	£'000	£'000
Group		
Coral Project Investments Limited	4,335	4,446
Dalmore Capital Fund LP and its associates	4,352	4,464

At the reporting end date the Group had an outstanding balance with Dalmore Capital Fund LP and its associates of £4,352,000 (2021: £4,464,000), comprised of loan stock principal amount payable. During the year the company recognised £269,000 (2021: £554,000) in relation to loan stock interest; £112,000 (2021: £205,000) in relation to loan stock principal; and £388,000 (2021: £558,000) in relation to dividends. The amount payable by the Group to Dalmore Capital Fund LP and its associates in the year for operational and management services was £47,000 (2021: £46,000).

At the reporting end date the Group had an outstanding balance with Coral Project Investments and its associates of £4,335,000 (2021: £4,446,000), comprised of loan stock principal amount payable. During the year the Group recognised £268,000 (2021: £552,000) in relation to loan stock interest; £111,000 (2021: £204,000) in relation to loan stock principal; and £387,000 (2021: £556,000) in relation to dividends.

24 Controlling party

During the year the immediate parent companies were PFI 2005 Limited and Dalmore Capital (Corsham 1) Limited.

In the Directors' opinion there was no ultimate controlling party and the ultimate parent Companies during the year and at year end were Coral Projects Investment LP and Dalmore Capital Fund LP, acting by their general manager Dalmore Capital Limited (whose registed office is 1 Park Row, Leeds, LS1 5AB).

All Companies are incorporated in Great Britain and registered in England and Wales. All Companies and limited partnerships are domiciled in the United Kingdom.

These Group financial statements are the smallest and largest that are prepared of which the Company is a member. No other Group financial statements are prepared.

25 Cash generated from group operations

	2022 £'000	2021 £'000
Profit for the year after tax	1,501	969
Adjustments for:		
Taxation charged	352	228
Finance costs	6,294	6,620
Investment income	(6,476)	(6,834)
Movements in working capital:		
Decrease in debtors	2,379	5,039
Increase in creditors	899	802
Cash generated from operations	4,949	6,824

26 Analysis of changes in net funds - group

	1 April 2021 £'000	Cash flows £'000	Non-cash movements £'000	31 March 2022 £'000
Cash at bank and in hand	7,021	(119)	-	6,902
Borrowings excluding overdrafts	(93,953)	5,141	(74)	(88,886)
	(86,932)	5,022	(74)	(81,984)

27 Prior period adjustment

The directors have determined there was a material error in the prior year financial statements in respect of accrued lifecycle costs. The financial statements incorrectly accrued lifecycle costs in line with the model as opposed to accruing in line with actual or committed spend at year end.

As such the accrual recognised has been reduced, and the associated expense, revenue, tax, and unitary charge control account implications recognised within the restatement.

Changes to the balance sheet - group

	As previously reported £'000	Adjustment £'000	As restated at 31 Mar 2021 £'000
Creditors due within one year			
Taxation	(323)	56	(267)
Other creditors	(3,111)	2,065	(1,046)
Deferred income	(7,840)	(2,361)	(10,201)
Net assets	(19,207)	(240)	(19,447)
Capital and reserves			
Profit and loss reserves	172	(240)	(68)

27 Prior period adjustment **(Continued)**

Changes to the profit and loss account - group

Period ended 31 March 2021	**As previously reported £'000**	**Adjustment £'000**	**As restated £'000**
Turnover	15,972	(2,361)	13,611
Cost of sales	(14,008)	2,065	(11,943)
Taxation	(284)	56	(228)
Profit after taxation	1,209	(240)	969