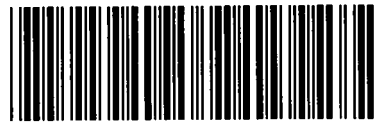


**S&W TLP (PSP Two) Limited**

**Annual Report and Financial Statements**  
**Registered No: 07028475**

**31 March 2022**

WEDNESDAY



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**OFFICERS AND PROFESSIONAL ADVISORS**

**DIRECTORS**

R W Driver - resigned 16<sup>th</sup> June 2021  
M G D Holden  
N Woodburn - appointed 10<sup>th</sup> November 2021

**COMPANY SECRETARY**

Emily Mendes

**REGISTERED OFFICE**

Level 7,  
One Bartholomew Close  
Barts Square  
London  
EC1A 7BL

**GROUP BANKERS**

HSBC	MUFG
City of London Branch	Ropemaker Place
60 Queen Victoria Street	25 Ropemaker Street
London	London
EC4N 4TR	EC2Y 9AN

**AUDITOR**

Johnston Carmichael LLP  
7-11 Melville Street  
Edinburgh  
EH3 7PE

## Directors' Report

The Directors present their annual report for S&W TLP (PSP Two) Limited for the year ended 31 March 2022.

### Principal activities

The Company acts as a holding company for its subsidiary S&W TLP (Hold Co One) Limited. The principal activity of that subsidiary is the finance design refurbishment and operation of education facilities under the Government's Private Finance Initiative (PFI) for Salford City Council ("the Authority") which it carries out through its investment in its subsidiary S&W TLP (Project Co One) Limited. Operational activities have continued throughout the year. No significant changes to the group's activities are anticipated in the foreseeable future.

The results for the Group for the year are in line with budget. The Directors anticipate that the Group will perform in line with budget in the coming financial year.

### Dividends

Dividends of £440,089 were paid during the year (2021: £800,000).

### Political contributions

The Group made no political donations or incurred any political expenditure during the year.

### Key performance indicators (KPI)

#### 1. Performance deductions under the service contract

Financial penalties are levied by the Authority in the event of performance standards not being achieved according to detailed criteria set out in the Project Agreement. These deductions are passed on to the service provider but the quantum is an indication of unsatisfactory performance. In the year ended 31 March 2022, deductions of £37,858 (2021: £1,000) had been levied which represents 1.2% (2021: 0.03%) of revenue. The directors believe the performance for the year to be satisfactory.

#### 2. Financial performance

The directors have modelled the anticipated financial outcome of the concession across its full term. The Directors monitor actual financial performance against this anticipated performance. As at 31 March 2022, the Group's performance against this measure was satisfactory.

### Directors

The directors of the Company who held office during the year, and to the date of signing, were as follows:

R W Driver	-	resigned 16 <sup>th</sup> June 2021
M G D Holden		
N Woodburn	-	appointed 10 <sup>th</sup> November 2021

Certain directors benefited from qualifying third party indemnity provisions in place during the financial year. Statement as to disclosure of information to the Auditor.

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006

## **Directors' Report (*continued*)**

### **Financial risk management**

The financial risk management policy of the Group is designed to identify and manage risk at the earliest possible point. The Group keeps a detailed risk register which is formally reviewed by the Board on a quarterly basis.

The Group does not undertake financial instrument transactions that are speculative or unrelated to the Group's trading activities. Board approval is required for the use of any new financial instrument, and the Group's ability to enter into any new transaction is constrained by covenants in its existing funding agreement.

The Group's exposure to and management of price risk, credit risk, liquidity risk and interest rate cash flow risk is detailed below.

#### ***Price risk***

The Group's price risk is managed through the twenty five year service delivery element of the project agreement with Salford City Council which provides for payments that are fixed subject to performance and inflation indexation and through sub-contracts with suppliers that largely mirror the provisions of the project agreement with Salford City Council.

#### ***Credit risk***

Cash flows are generated from the availability of the schools and from the maintenance provided to Salford City Council. Cash flows are secured under a long-term contract with Salford City Council, whose liabilities are effectively underwritten by the Government.

#### ***COVID-19 risk***

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

#### ***Climate change risk***

The Group is in the early stages of assessing the impact of climate change on the business. Initial assessments have not identified any climate change impact that would affect the going concern assumption.

#### ***Liquidity risk***

The Group's liquidity risk is principally managed through financing the Group by means of long-term and short-term borrowings which are tailored to match expected cost and revenues arising from the contract under the Private Finance Initiative. In addition, the Group has access to a debt service reserve facility which provides short-term liquidity against future debt service requirements.

#### ***Interest rate cash flow risk***

The Group has interest bearing assets and interest bearing liabilities. Interest bearing assets include only cash balances which earn interest at variable rates. Interest bearing liabilities include term loans and loan notes. Loan notes bear interest at a fixed rate. Term loans bear interest at variable rates and so the Group also enters into interest rate swaps, the purpose of which is to manage the interest rate risk arising from these borrowings.

## **Directors' Report (*continued*)**

### **Going Concern**

The Directors have prepared cash flow forecasts which indicate that, taking account of severe but plausible downsides, the Group will have sufficient funds to meet its liabilities as they fall due. Further information of the Directors' assessment including the consideration of the impact of COVID-19 is contained within note 1.2.

The Group was able to meet the financial covenants as at March 2022, and is forecast to meet them for the foreseeable future.

Taking into account reasonable possible risks in operations to the Group, the fact the obligations of the Group's sole customer are underwritten by the Secretary of State for Education, the Directors have a reasonable expectation that the Group will be able to settle its liabilities as they fall due for the foreseeable future. It is therefore appropriate to prepare these financial statements on the going concern basis.

### **Strategic report exemption**

A Strategic Report has not been prepared as permitted by companies eligible for the small companies' regime.

### **Auditor**

Johnston Carmichael LLP were appointed as auditor of the company for the year ended 31 March 2022. In accordance with Section 485 of the Companies Act 2006, a resolution will be made in respect of their re-appointment.

Approved by the Board and signed on its behalf by:



N Woodburn  
Director

One Bartholomew Close  
Barts Square  
London  
EC1A 7BL

Date: 21 December 2022

**Statement of Directors' Responsibilities in Respect of the Directors' Report and the financial statements**

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

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

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of its profit or loss for that period. In preparing the each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company 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 parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

**Independent auditor's report to the members of S & W TLP (PSP Two) Limited (continued)**  
**Year ended 31 March 2022**

**Opinion**

We have audited the financial statements of S&W TLP (PSP Two) Limited ('the parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2022, which comprise the Consolidated Statement of Total Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- Give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2022 and of the Group's profit for the year then ended;
- Have been properly prepared in accordance with UK adopted international accounting standards; 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 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 or the 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 the audit:

- The information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Directors' Report has been prepared in accordance with applicable legal requirements.



**Independent auditor's report to the members of S & W TLP (PSP Two) Limited (*continued*)**  
**Year ended 31 March 2022**

**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 Directors' Report.

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

- Adequate accounting records have not been kept 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; or
- The Directors were not entitled to take advantage of the small companies' exemption in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

**Responsibilities of Directors**

As explained more fully in the Directors' responsibilities statement set out on page 5, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 the 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 and the parent Company or to cease operations, or have no realistic alternative but to do so.

**Auditor responsibilities for the audit of the financial statements**

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

*Extent 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.

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 they operate, 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:

- Companies Act 2006;
- UK Accounting Standards, including FRS 102; and
- UK corporation taxes legislation.

**Independent auditor's report to the members of S & W TLP (PSP Two) Limited (continued)**  
**Year ended 31 March 2022**

We gained an understanding of how the Group and the parent Company are complying with these laws and regulations by making enquiries of management and those charged with governance. We corroborated these enquiries through our review of any relevant correspondence with regulatory bodies and board meeting minutes.

We assessed the susceptibility of the Group's and the parent Company's financial statements to material misstatement, including how fraud might occur, by meeting with management and those charged with governance to understand where it was considered there was susceptibility to fraud. This evaluation also considered how management and those charged with governance were remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how management and those charged with governance oversee the implementation and operation of controls. In areas of the financial statements where the risks were considered to be higher, we performed procedures to address each identified risk.

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's and the 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; 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 would become aware of it.

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.

**Use of our report**

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

*Johnston Carmichael LLP*

**Allison Dalton (Senior Statutory Auditor)**  
**for and on behalf of Johnston Carmichael LLP**  
Chartered Accountants  
Statutory Auditors

**Date** 22 December 2022

7-11 Melville Street  
Edinburgh  
EH3 7PE

**Consolidated Statement of Total Comprehensive Income  
For the year ended 31 March 2022**

	Note	2022 £000	2021 £000
<b>Turnover</b>	3	3,456	3,309
Cost of sales		(2,792)	(2,888)
		<hr/>	<hr/>
<b>Gross profit</b>		664	421
Administrative expenses		(386)	(189)
		<hr/>	<hr/>
<b>Operating profit</b>	4 - 6	278	232
Interest receivable and similar income	7	3,976	4,115
Interest payable and similar expenses	8	(3,677)	(3,840)
		<hr/>	<hr/>
<b>Profit before taxation</b>		577	507
Tax on profit	9	(110)	(96)
		<hr/>	<hr/>
<b>Profit after taxation</b>		467	411
		<hr/>	<hr/>
<b>Other comprehensive income/(loss)</b>			
Items that will or may be reclassified to profit or loss			
Effective portion of fair value changes in cash flow hedges	17	4,752	3,182
Tax recognised in relation to change in fair value cash flow hedges	9	(712)	(604)
		<hr/>	<hr/>
Other comprehensive income for the year		4,040	2,578
		<hr/>	<hr/>
<b>Total comprehensive income for the year</b>		4,507	2,989
		<hr/>	<hr/>
<b>Total comprehensive income for the year is attributable to:</b>			
Owners of the parent		3,501	2,152
Non-controlling interests		1,006	837
		<hr/>	<hr/>
		4,507	2,989
		<hr/>	<hr/>

The notes on pages 14 to 26 form an integral part of these financial statements.

**Consolidated Balance Sheet**  
*As at 31 March 2022*

	Note	2022 £000	2021 £000
<b>Current assets</b>			
Debtors due in less than one year	11	2,243	4,459
Debtors due after more than one year	11	50,323	51,584
Cash at bank and in hand		4,555	3,031
		<hr/>	<hr/>
		57,121	59,074
<b>Creditors: amounts falling due within one year</b>	12	(9,283)	(9,266)
		<hr/>	<hr/>
<b>Net current assets</b>		47,838	49,808
<b>Creditors: amounts falling due after more than one year</b>	13	(49,966)	(56,003)
		<hr/>	<hr/>
<b>Net liabilities</b>		(2,128)	(6,195)
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	16	7	7
Profit and loss account	16	182	163
Cash flow hedge reserve	16	(3,199)	(6,364)
		<hr/>	<hr/>
<b>Total shareholders' deficit</b>		(3,010)	(6,194)
Non-controlling interests		882	(1)
		<hr/>	<hr/>
<b>Total capital employed</b>		(2,128)	(6,195)
		<hr/>	<hr/>

The notes on pages 14 to 26 form part of these financial statements.

These financial statements were approved by the board of directors and authorised for issue on 21 December 2022 and were signed on its behalf by:



N Woodburn

Director

One Bartholomew Close  
Barts Square  
London  
EC14 7BL

**Company Balance Sheet**  
*As at 31 March 2022*

	Note	2022 £000	2021 £000
<b>Fixed assets</b>			
Investments	10	3,719	3,750
<b>Current assets</b>			
Debtors	11	224	229
<b>Creditors: amounts falling due within one year</b>	12	(224)	(538)
<b>Net current liabilities</b>		-	(309)
<b>Total assets less current liabilities</b>		3,730	3,441
<b>Creditors: amounts falling due after more than one year</b>	13	(3,712)	(3,434)
<b>Net assets</b>		7	7
<b>Capital and reserves</b>			
Called up share capital	16	7	7
Profit and loss account		-	-
<b>Total shareholders' funds</b>		7	7

The notes on pages 14 to 26 form part of these financial statements.

These financial statements were approved by the board of directors and authorised for issue on 21 December 2022 and were signed on its behalf by:



N Woodburn  
Director

One Bartholomew Close  
Barts Square  
London  
EC14 7BL

**Consolidated Statement of Changes in Equity**  
*For the year ended 31 March 2022*

	Attributable to owners of parent				Non-controlling interests	Total Equity
	Called up share capital £'000	Cash flow hedge reserve £'000	Profit and loss account £'000	Total £'000	£'000	£'000
Balance at 1 April 2020	7	(8,220)	443	(7,770)	(614)	(8,384)
<b>Total comprehensive income for the year</b>						
Profit for the financial year	-	-	296	296	115	411
Other comprehensive loss	-	1,856	-	1,856	722	2,578
<b>Total comprehensive (loss)/income for the year</b>	-	1,856	296	2,152	837	2,989
Transactions with owners, recorded directly in equity - Dividends	-	-	(576)	(576)	(224)	(800)
<b>Balance at 31 March 2021</b>	7	(6,364)	163	(6,194)	(1)	(6,195)

	Attributable to owners of parent				Non-controlling interests	Total Equity
	Called up share capital £'000	Cash flow hedge reserve £'000	Profit and loss account £'000	Total £'000	£'000	£'000
Balance at 1 April 2021	7	(6,364)	163	(6,194)	(1)	(6,195)
<b>Total comprehensive expense for the year</b>						
Profit for the financial year	-	-	336	336	131	467
Other comprehensive income	-	3,165	-	3,165	875	4,040
<b>Total comprehensive income for the year</b>	-	3,165	336	3,501	1,006	4,507
Transactions with owners, recorded directly in equity - Dividends	-	-	(317)	(317)	(123)	(440)
<b>Balance at 31 March 2022</b>	7	(3,199)	182	(3,010)	882	(2,128)

The notes on pages 14 to 26 form part of these financial statements.

**Company Statement of Changes in Equity**  
*For the year ended 31 March 2022*

	<b>Called up share capital £'000</b>	<b>Profit and loss account £'000</b>	<b>Total Shareholders' Funds £'000</b>
Balance at 1 April 2020	7	-	7
<b>Total comprehensive income for the period</b>			
Profit for the financial year	-	576	576
Other comprehensive income	-	-	-
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	-	576	576
Transactions with owners, recorded directly in equity		(576)	(576)
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 March 2021</b>	<b>7</b>	<b>-</b>	<b>7</b>
	<hr/>	<hr/>	<hr/>

	<b>Called up share capital £'000</b>	<b>Profit and loss account £'000</b>	<b>Total Shareholders' Funds £'000</b>
Balance at 1 April 2021	7	-	7
<b>Total comprehensive income for the period</b>			
Profit for the financial year	-	317	317
Other comprehensive income	-	-	-
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	-	317	317
Transactions with owners, recorded directly in equity	-	(317)	(317)
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 March 2022</b>	<b>7</b>	<b>-</b>	<b>7</b>
	<hr/>	<hr/>	<hr/>

The notes on pages 14 to 26 form part of these financial statements.

## Notes to the Financial Statements

### 1 Accounting policies

S&W TLP (PSP Two) Limited (the "Company") is a private company limited by shares and incorporated and domiciled in England and Wales, UK. Its principal activity is to act as a holding company for its subsidiary, S&W TLP (Hold Co One) Limited, which in turn acts as a holding company for S&W TLP (Project Co One) Limited. The principal activity of S&W TLP (Project Co One) Limited is the finance, design and construction, refurbishment and operation of education facilities under the Government's Private Finance Initiative ("PFI") for Salford City Council ("the Authority").

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102") and the Companies Act 2006. The presentation currency of these financial statements is sterling. Amounts are rounded to the nearest £1,000.

In these financial statements the Group is considered to be a qualifying entity (for the purpose of this FRS) and has applied the exemptions available under FRS102 for the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period; and
- 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 Group is exempt from preparing a cash flow statement on the grounds of its size.

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

Judgements made by the directors in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

#### 1.1 Measurement convention

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 consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 March 2022. The purchase method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal. All intra-group transactions and balances are eliminated on consolidation.

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

Under Section 408 of the Companies Act 2006, the Company is exempt from the requirement to present its own profit and loss account. The parent Company made a profit of £317,000 in the period (2021: £576,000).



## Notes to the Financial Statements (*continued*)

### 1 Accounting Policies (*Continued*)

#### 1.2 *Going concern*

Group had net liabilities of £2,128,000 (2021: £6,195,000) as at March 2022 and generated a profit for the year then ended of £467,000 (2021: £411,000). The liabilities are primarily due to the derivative financial instrument, which does not cause an issue with going concern as the Group does not intend to close out the instrument prior to its maturity date in 2036.

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 severe but plausible downsides including the impact of Covid-19, the Group and Company will have sufficient funds to meet its liabilities as they fall due for that period and to operate within the covenants on its external borrowings

Specifically, the directors have considered if, in modelled severe but plausible downside scenarios, the level of operational performance of the Group would lead to service failure points being awarded against the Group in accordance with the terms of Group's contract with Salford City Council sufficient to cause an event of default under the terms of the terms of the Group's external borrowings. To date, taking into the effect of COVID-19 and [state any other significant operational issues] there has been no material adverse impact on the Group's cashflows, or the service levels provided and no indication of heightened risk of subcontractor failure. As a result, the cashflow forecasts indicate that, even in downside scenarios, the Group will be able to meet its liabilities as they fall due.

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

#### 1.3 *Classification of financial instruments issued by the group*

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

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

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

## Notes to the Financial Statements (*continued*)

### 1 Accounting Policies (*Continued*)

#### 1.4 Basic financial instruments

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

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

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

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

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits.

##### *Restricted cash*

The Group is obliged to keep a separate cash reserve in respect of future major maintenance costs and financing cost. This restricted cash balance, which is shown on the balance sheet within the "cash at bank and in hand" balance amounts to £1,881,000 at the year-end (2021: £1,678,000).

#### 1.5 Other financial instruments

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

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss except as follows:

- hedging instruments in a designated hedging relationship shall be recognised as set out below,

##### *Derivative financial instruments and hedging*

Derivative financial instruments are recognised at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

##### *Cash flow hedges*

The Group has entered into an interest rate swap and designated this as a hedge of a highly probable forecast transaction. The effective part of any gain or loss on the derivative financial instrument is recognised directly in Other comprehensive income. Any ineffective portion of the hedge is recognised immediately in profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the entity discontinues designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative gain or loss recognised in equity is recognised in the income statement immediately.

## Notes to the Financial Statements (*continued*)

### 1 Accounting Policies (*Continued*)

#### 1.6 Impairment excluding deferred tax assets

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

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

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

Interest on the impaired asset continued to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment is reversed through the profit or loss.

In the separate accounts of the company, interests in subsidiaries are measured at cost and subsequently measured at cost less any accumulated impairment losses.

Interests in subsidiaries, are assessed for impairment at each reporting date. Any impairments, losses or reversals of impairment losses are recognised immediately in profit or loss.

#### 1.7 Finance debtor and services income

The Group is an operator of a PFI contract. The underlying asset is not deemed to be an asset of the Group under old UK GAAP because the risks and rewards of ownership as set out in the standard are deemed to lie principally with Salford City Council.

The Agreement is for a term of 25 years and was entered into with Salford City Council (the "Authority") to construct, operate and maintain Education facilities. At 31 March 2022 it is in year 11 of the project term. Operation and maintenance of the facilities are outsourced to a third party (the "Sub-contractor") under contractual arrangements that provide certainty over the level of costs to be incurred by the Group. The maintenance risk ultimately lies with the Sub-contractor and is invoiced monthly in accordance with a schedule of lifecycle costs. The sub-contractor for the Group is SPIE Ltd. The base fee per the sub-contractor contract is fixed and allows for an inflationary increase each year. The unitary charge per the agreement with the Authority is a fixed base fee and allows for an inflationary increase each year. The Contract entitles the Authority to a share in any savings made by the group on the actual insurance premiums incurred versus those assumed during the contract negotiations. Any savings are shared with the Authority on a biennial basis.

The Authority is also entitled under the Agreement to voluntarily terminate the contract by providing a six months' written notice to the Group. On termination, the Group is entitled to a termination compensation as defined within the Agreement.

The Group entered into its Service concession arrangement before the date of transition to this FRS. Therefore, its service concession arrangements have continued to be accounted for using the same accounting policies being applied at the date of transition to this FRS.

During the construction phase of the project, all attributable expenditure, excluding interest, was included in amounts recoverable on contracts and turnover. Upon becoming operational, the costs were transferred to the financial debtor. During the operational phase income is allocated between interest receivable and the finance debtor using a project specific interest rate. The remainder of the PFI unitary charge income is included within turnover in accordance with FRS 102 section 23. The Group recognises income in respect of the services provided as it fulfils its contractual obligations in respect of those services and in line with the fair value of the consideration receivable in respect of those services.

## Notes to the Financial Statements (*continued*)

### 1.7 *Finance debtor and services income (continued)*

Major maintenance costs are recognised on an incurred basis and the revenue receivable in respect of these services is recognised when the services are performed.

### 1.8 *Expenses*

#### *Interest receivable and Interest payable*

Interest payable and similar expenses include interest payable on borrowings and associated ongoing financing fees.

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

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

### 1.9 *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 not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

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.

## 2 *Critical accounting judgements and estimation uncertainty*

The preparation of financial statements in conformity with FRS 102 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based upon historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

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

#### *Calculation of service revenue*

Accounting for the service concession contract and finance debtor requires an estimation of service margins, finance debtor interest rates and associated amortisation profile which is based on forecasted results of the service concession contract. Service revenue recognised is calculated using a percent mark-up on cost basis. The mark-up used is updated every six months in line with actual costs and revenues, however the fixed nature of project costs means there is little variance between mark-up each period.

## Notes to the Financial Statements (*continued*)

### 3 Analysis of turnover

	2022 £000	2021 £000
Services income	3,456	3,309
	<u>          </u>	<u>          </u>
All profits arising in the UK		

### 4 Auditors remuneration

	Group 2022 £000	Group 2021 £000
Audit of these financial statements	1	2
Audit of subsidiary financial statements	16	24
Taxation Compliance	-	6
	<u>          </u>	<u>          </u>

Auditor's remuneration is borne by S&W TLP Education Partnership Limited on behalf of the Group under the terms of the management services agreement.

### 5 Remuneration of directors

The directors are remunerated by S&W TLP Education Partnership Limited for their services to the group as a whole. This amounted to £69,523 in the period (2021: £80,606).

### 6 Staff numbers and costs

The Group had no employees during the year under review (2021: none).

### 7 Interest receivable and similar income

	2022 £000	2021 £000
Finance debtor interest	3,976	4,115
	<u>3,976</u>	<u>4,115</u>

### 8 Interest payable and similar expenses

	2022 £000	2021 £000
Interest on bank loans	2,904	3,193
Interest on subordinated debt	773	647
	<u>3,677</u>	<u>3,840</u>

Of the above £773,000 (2021: £647,000) was payable to related undertakings.

## Notes to the Financial Statements (*continued*)

### 9 Taxation

	2022 £000	2021 £000
<i>Total tax recognised in the profit and loss account and other comprehensive income</i>		
Corporation tax	110	96
Total current tax	110	96
Deferred tax (see note 15)		
Deferred tax on derivatives	712	604
Total deferred tax	712	604
Total tax	822	700
	2022 £000	2021 £000
Profit before taxation	577	507
Expected tax using the UK Corporation tax rate of 19% (2020: 19%)	110	96
Total tax expense included in profit or loss	110	96

#### *Reconciliation of effective tax rate*

	Current Tax £'000	2022 Deferred Tax £'000	Total Tax £'000	Current Tax £'000	2021 Deferred Tax £'000	Total Tax £'000
Recognised in Profit and loss account	110	-	110	96	-	96
Recognised directly in other comprehensive income	-	712	712	-	604	604
Total Tax	110	712	822	96	604	700

#### *Factors that may affect future current and total tax charges.*

The March 2021 Budget announced that a rate of 25% would apply from 1 April 2023. This will increase the group's future current tax charge accordingly.

## Notes to the Financial Statements (*continued*)

### 10 Fixed Asset Investments

Company	Shares in Subsidiary £000	Sub debt £000	Total £000
<b>At 1 April 2021</b>	7	3,743	3,750
Repayment of sub debt	-	(31)	(31)
	<hr/>	<hr/>	<hr/>
<b>At 31 March 2022</b>	7	3,712	3,719
	<hr/>	<hr/>	<hr/>

The undertakings in which one Company's interest at the year-end is more than 20% are as follows:

Company	Registered Office	Ordinary Shares held	%
Directly held			
S&W TLP (Hold Co One) Limited	5-7 Dale Street Manchester M1 1JB	7,200	72%
Indirectly held			
S&W TLP (Project Co One) Limited	5-7 Dale Street Manchester M1 1JB	7,200	72%

These subsidiaries are involved in the design, construction, financing, operating and maintenance of education accommodation.

### 11 Debtors

	Group	Company	Group	Company
	2022 £000	2022 £000	2021 £000	2021 £000
Finance debtor	51,572	-	53,482	-
Trade debtors	10	-	874	-
Prepayments and accrued income	188	224	179	229
Deferred tax asset (note 15)	796	-	1,508	-
	<hr/>	<hr/>	<hr/>	<hr/>
	52,566	224	56,043	229
	<hr/>	<hr/>	<hr/>	<hr/>

Debtors include a financial debtor of £49,527,000 (2021: £51,584,000) and deferred tax asset of £796,000 (2021: £1,508,000) due after more than one year.

## Notes to the Financial Statements (*continued*)

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

	Group 2022 £000	Company 2022 £000	Group 2021 £000	Company 2021 £000
Bank loans and overdrafts	2,445	-	2,401	-
Subordinated debt	-	-	428	309
Trade creditors	224	-	346	-
Other tax and social security creditors	340	-	338	-
Corporation tax	195	-	91	-
Accruals and deferred income	6,079	224	5,662	229
	<u>9,283</u>	<u>224</u>	<u>9,266</u>	<u>538</u>

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

	Group 2022 £000	Company 2022 £000	Group 2021 £000	Company 2021 £000
Bank loans and overdrafts	47,662	-	50,107	-
Debt issue costs	(6,036)	-	(6,808)	-
Subordinated debt	5,155	3,712	4,770	3,434
Other financial instruments	3,183	-	7,934	-
	<u>49,964</u>	<u>3,712</u>	<u>56,003</u>	<u>3,434</u>

	Group 2022 £000	Company 2022 £000	Group 2021 £000	Company 2021 £000
Analysis of debt: (excluding interest)				
Debt can be analysed as falling due:				
In one year or less, or on demand	2,445	-	2,829	309
- Between one and two years	2,459	-	2,445	-
- Between two and five years	8,416	-	7,859	-
- In five years or more	41,942	3,712	44,573	3,434
	<u>55,262</u>	<u>3,712</u>	<u>57,706</u>	<u>3,743</u>



## Notes to the Financial Statements (*continued*)

### 14 Interest bearing loans and borrowings

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

	2022 £000	2021 £000
<b>Creditors falling due more than one year</b>		
Bank loan	47,662	50,107
Subordinated debt	5,155	4,770
<b>Creditors falling due within less than one year</b>		
Bank loan	2,445	2,401
Subordinated debt	-	428

#### Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of Maturity	Repayment	2022 £000	2021 £000
<b>Bank Loan</b>	GBP	Libor + 1.6%	2036	Semi annual	50,107	52,508
<b>Subordinated Debt</b>	GBP	12%	2036	Semi annual	5,155	5,198

Bank loans are secured by fixed and floating charges over the assets of the Group. The Group has entered into swap contracts for the period 12 May 2017 to 30 September 2036 covering all of the debt projected to be drawn down which hedges the Group's interest rate exposure on bank loans. The bank loans are repayable in six monthly instalments commencing on 31 March 2012 and end on 30 September 2036. The facility is subject to certain financial and non-financial covenants.

Bank loans bear interest based on LIBOR plus a margin of 1.6% following refinancing (LIBOR plus 2.72% prior to refinancing).

The index-linked subordinated unsecured loan stock issued to the Group bears interest at 12% and is redeemable on 30 September 2036. The subordinated debt is repayable in six monthly instalments which commenced on 31 March 2012.

Following the FCA's announcement that LIBOR will no longer be published after 31 December 2021, the Group has applied the December 2019 Amendments to FRS 102: Interest rate benchmark reform. The amendments provide relief in applying the requirements of hedge accounting to certain hedges, including allowing the Group to assume that interest rate benchmarks on which hedged cash flows are based (e.g. LIBOR) will not be altered as a result of interest rate benchmark reform. Consequently, hedging relationships that may have otherwise been impacted by interest rate benchmark reform have remained in place and no additional ineffective portion of the hedge has been recognised. The Group has taken advantage of these amendments in relation to the LIBOR interest rate noted above. The transition from LIBOR has occurred as at 30 September 2022.

## Notes to the Financial Statements (*continued*)

### 15 Deferred tax

Deferred tax is recognised on the revaluation of the interest rate swap held by the group. These are accounted for under cash flow hedges (see note 17).

Deferred tax is provided at 25% (2021: 19%) in the financial statements as follows:

	<b>2022</b> <b>£000</b>	<b>2021</b> <b>£000</b>
Deferred tax on revaluation of fair value of derivatives	796	1,508
	<hr/>	<hr/>
	796	1,508
	<hr/>	<hr/>

### 16 Called up share capital

#### Share capital

	<b>2022</b> <b>£000</b>	<b>2021</b> <b>£000</b>
<b>Allotted, called up and fully paid</b>		
7,200 (2021: 7,200) ordinary shares at £1 each	7	7
	<hr/>	<hr/>

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.

#### *Cash flow hedge reserve*

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

#### *Profit and Loss reserve*

Reserves consist of profits after deductions for distributions to shareholders.

## Notes to the Financial Statements (continued)

### 17 Financial instruments

#### (a) Financial instruments measured at fair value

##### *Derivative financial instruments*

The fair value of the interest rate swap 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.

#### (b) Hedge accounting

The cashflows on loan and interest rate swaps are paid semi-annually on 31 March and 30 September each year and expire in September 2036.

The Group has entered into an interest rate swap agreement under the bank loan which expires in August 2036. A fixed rate of 4.445% applies to 50% of the original loan (£25,242,170) plus a margin, as well as a swap agreement for the balance of the loan (£26,081,771), which expires in September 2036. A fixed rate of 1.537% applies, plus a margin. The interest rate swap converts the borrowings from the rates linked to LIBOR to a fixed rate.

### 18 Related party disclosures

Name of related party	Relationship	Type Transaction	Transactions		Balance owed to/(from) at year end	
			2022 £000	2021 £000	2022 £000	2021 £000
S&W TLP (Project Co One) Limited	Subsidiary	Shareholder Loan and Interest	(456)	(666)	(3,9344)	(3,973)
Infrastructure Investments Limited Partnership	Shareholders parent undertaking	Shareholder Loan and Interest	477	666	3,934	3,972
S&W TLP Education Partnership Limited	Shareholder of Subsidiary	Shareholder Loan and Interest	66	93	546	552
Salford City Council	Shareholder of Subsidiary	Shareholder Loan and Interest	60	83	492	497
Building Schools for the Future Investments LLP	Shareholder of Subsidiary	Shareholder Loan and Interest	60	83	492	497

## Notes to the Financial Statements (*continued*)

### 19 Ultimate parent undertaking

The immediate parent undertaking of the Company is Infrastructure Investment Holdings Limited registered at Level 7, One Bartholomew Close, Barts Square, London, EC1A 7BL and the ultimate controlling party is HICL Infrastructure Plc incorporated in the United Kingdom. Copies of these financial statements can be obtained from its registered office Level 7, One Bartholomew Close, Barts Square, London, EC1A 7BL.