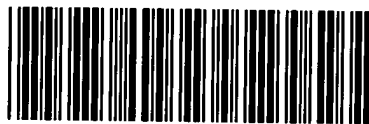


S&W TLP (PSP Two) Limited

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

31 March 2023

WEDNESDAY



ACJA1780

A20

27/12/2023

#251

COMPANIES HOUSE

S&W TLP (PSP Two) Limited
Annual Report and Financial Statements
31 March 2023

CONTENTS	PAGE
Officers and Professional Advisers.....	1
Directors' Report.....	2
Statement of Directors' Responsibilities.....	5
Independent Auditors Report to the Members of S&W TLP (PSP Two) Limited.....	6
Consolidated Statement of Total Comprehensive Income.....	10
Consolidated Balance Sheet.....	11
Company Balance Sheet.....	12
Consolidated Statement of Changes in Equity.....	13
Company Statement of Changes in Equity.....	14
Notes to the Financial Statements.....	15

OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

M G D Holden – resigned 31 July 2023
N Woodburn
J C P Ferreira Neves – appointed 31 July 2023
D A Williams – appointed 19 September 2023

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

S&W TLP (PSP Two) Limited
Annual Report and Financial Statements
31 March 2023

Directors' Report

The Directors present their annual report for S&W TLP (PSP Two) Limited for the year ended 31 March 2023.

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 £240,000 were paid during the year (2022: £440,089).

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 2023, deductions of £54,995 (2022: £37,858) had been levied which represents 1.6% (2022: 1.2%) 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 2023, 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:

N A Woodburn	
M G D Holden	- resigned 31 st July 2023
J C P F Neves	- appointed 31 st July 2023
D A Williams	- appointed 19 th September 2023

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.

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.

The Group was able to meet the financial covenants as at March 2023, 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

The auditor, Johnston Carmichael LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board and signed on its behalf by:

DocuSigned by:

20A703C2F0E940B...

N Woodburn
Director

One Bartholomew Close
Barts Square
London
EC1A 7BL

Date: 22 December 2023

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 2023

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 2023, 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 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 of the parent Company's affairs as at 31 March 2023 and of the Group's profit for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor 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 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.

Independent auditor's report to the members of S & W TLP (PSP Two) Limited (continued)
Year ended 31 March 2023

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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and 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 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 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 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.

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.

Independent auditor's report to the members of S & W TLP (PSP Two) Limited (continued)
Year ended 31 March 2023

Auditor responsibilities for the audit of the financial statements (continued)

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:

- United Kingdom Generally Accepted Accounting Practice, including FRS 102;
- UK Companies Act 2006; and
- UK Corporation Tax legislation.

We gained an understanding of how the group and 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 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. We identified heightened fraud risks in relation to revenue recognition and management override of controls.

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:

- Recalculating the unitary charge received by taking the base charge per the project agreement and uplifting for RPI;
- Agreeing a sample of months' income receipts to invoice and bank statements;
- Performing an assessment on the service margins used in the year and agreeing margins used to the active financial models;
- Reconciling the finance income and amortisation to the finance debtor reconciliation to ensure allocation methodology is in line with contractual terms and relevant accounting standards;
- 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 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 would become aware of it.

Independent auditor's report to the members of S & W TLP (PSP Two) Limited (continued)
Year ended 31 March 2023

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

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

7-11 Melville Street
Edinburgh, EH3 7PE

Date: 22 December 2023

S&W TLP (PSP Two) Limited
Annual Report and Financial Statements
31 March 2023

**Consolidated Statement of Total Comprehensive Income
For the year ended 31 March 2023**

	Note	2023 £000	2022 £000
Turnover	3	4,725	3,456
Cost of sales		(3,943)	(2,792)
		<hr/>	<hr/>
Gross profit		782	664
Administrative expenses		(472)	(386)
		<hr/>	<hr/>
Operating profit	4 - 6	310	278
Interest receivable and similar income	7	3,827	3,976
Interest payable and similar expenses	8	(3,537)	(3,677)
		<hr/>	<hr/>
Profit before taxation		600	577
Tax on profit	9	(114)	(110)
		<hr/>	<hr/>
Profit after taxation		486	467
		<hr/>	<hr/>
Other comprehensive income/(loss)			
Items that will or may be reclassified to profit or loss			
Effective portion of fair value changes in cash flow hedges	10	6,116	4,752
Tax recognised in relation to change in fair value cash flow hedges	9	(1,529)	(712)
		<hr/>	<hr/>
Other comprehensive income for the year		4,587	4,040
		<hr/>	<hr/>
Total comprehensive income for the year		5,073	4,507
		<hr/>	<hr/>
Total comprehensive income for the year is attributable to:			
Owners of the parent		3,653	3,501
Non-controlling interests		1,420	1,006
		<hr/>	<hr/>
		5,073	4,507
		<hr/>	<hr/>

The notes on pages 15 to 27 form an integral part of these financial statements.

S&W TLP (PSP Two) Limited
Annual Report and Financial Statements
31 March 2023
Company Registration No. 07028475

Consolidated Balance Sheet
As at 31 March 2023

	Note	2023 £000	2022 £000
Current assets			
Debtors due in less than one year	12	2,773	2,243
Debtors due after more than one year	12	50,238	50,323
Cash at bank and in hand		4,850	4,555
		<hr/>	<hr/>
		57,861	57,121
Creditors: amounts falling due within one year	13	(9,397)	(9,283)
		<hr/>	<hr/>
Net current assets		48,464	47,838
Creditors: amounts falling due after more than one year	14	(45,021)	(49,966)
Provisions for liabilities			
Deferred tax liability	16	(738)	-
		<hr/>	<hr/>
Net assets/(liabilities)		2,705	(2,128)
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	17	7	7
Profit and loss account	17	360	182
Cash flow hedge reserve	17	104	(3,199)
		<hr/>	<hr/>
Equity/(deficit) attributable to owners of the parent company		471	(3,010)
Non-controlling interests		2,234	882
		<hr/>	<hr/>
Total capital employed		2,705	(2,128)
		<hr/>	<hr/>

The notes on pages 15 to 27 form part of these financial statements.

These financial statements were approved by the board of directors and authorised for issue on 22 December 2023 and were signed on its behalf by:

DocuSigned by:
Neil Woodburn
20A703C2F0E940B...

N Woodburn

Director

One Bartholomew Close
Barts Square
London
EC14 7BL

S&W TLP (PSP Two) Limited
Annual Report and Financial Statements
31 March 2023
Company Registration No. 07028475

Company Balance Sheet
As at 31 March 2023

	Note	2023 £000	2022 £000
Fixed assets			
Investments	11	3,700	3,719
Current assets			
Debtors	12	233	224
Creditors: amounts falling due within one year	13	(233)	(224)
Net current liabilities		-	-
Total assets less current liabilities		3,700	3,719
Creditors: amounts falling due after more than one year	14	(3,693)	(3,712)
Net assets		7	7
Capital and reserves			
Called up share capital	17	7	7
Profit and loss account		-	-
Total shareholders' funds		7	7

The notes on pages 15 to 27 form part of these financial statements.

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The company made a profit and total comprehensive income in the period of £172,000 (2022: £317,000).

These financial statements were approved by the board of directors and authorised for issue on 22 December 2023 and were signed on its behalf by:

DocuSigned by:
Nil Woodburn
ZDA763CZFD6940B...
N Woodburn
Director

One Bartholomew Close
Barts Square
London
EC14 7BL

S&W TLP (PSP Two) Limited
Annual Report and Financial Statements
31 March 2023

Consolidated Statement of Changes in Equity
For the year ended 31 March 2023

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

	Attributable to owners of parent					
	Called up share capital £'000	Cash flow hedge reserve £'000	Profit and loss account £'000	Total £'000	Non- controlling interests £'000	Total Equity £'000
Balance at 1 April 2022	7	(3,199)	182	(3,010)	882	(2,128)
Total comprehensive expense for the year						
Profit for the financial year	-	-	350	350	136	486
Other comprehensive income	-	3,303	-	3,303	1,284	4,587
Total comprehensive income for the year	-	3,303	350	3,653	1,420	5,073
Transactions with owners, recorded directly in equity - Dividends	-	-	(172)	(172)	(68)	(240)
Balance at 31 March 2023	7	104	360	471	2,234	2,705

The notes on pages 15 to 27 form part of these financial statements.

S&W TLP (PSP Two) Limited
Annual Report and Financial Statements
31 March 2023

Company Statement of Changes in Equity
For the year ended 31 March 2023

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

	Called up share capital £'000	Profit and loss account £'000	Total Shareholders' Funds £'000
Balance at 1 April 2022	7	-	7
Total comprehensive income for the period			
Profit for the financial year	-	172	172
Other comprehensive income	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total comprehensive income for the period	-	172	172
Transactions with owners, recorded directly in equity	-	(172)	(172)
	<u> </u>	<u> </u>	<u> </u>
Balance at 31 March 2023	<u>7</u>	<u>-</u>	<u>7</u>

The notes on pages 15 to 27 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.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group.

The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: Interest income/expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

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 2023. 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 £172,000 in the period (2022: £317,000).

Notes to the Financial Statements (*continued*)

1 Accounting Policies (*Continued*)

1.2 *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.

The Group was able to meet the financial covenants as at March 2023, 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.

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.

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.

Notes to the Financial Statements (*continued*)

1 **Accounting Policies (Continued)**

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 £2,153,000 at the year-end (2022: £1,881,000).

1.5 **Hedge accounting**

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

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

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

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

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.

Notes to the Financial Statements (*continued*)

1 Accounting Policies (*Continued*)

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 2023 it is in year 12 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.

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.

Notes to the Financial Statements (*continued*)

1 Accounting Policies (*Continued*)

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.

3 Analysis of turnover

	2023 £000	2022 £000
Services income	4,725	3,456

All profits arising in the UK

Notes to the Financial Statements (*continued*)

4 Auditors remuneration

	Group	Group
	2023	2022
	£000	£000
Audit of these financial statements	2	1
Audit of subsidiary financial statements	16	16
Taxation Compliance	-	-
	<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 £76,907 in the period (2022: £69,523).

6 Staff numbers and costs

The Group had no employees during the year under review (2022: none).

7 Interest receivable and similar income

	2023	2022
	£000	£000
Finance debtor interest	3,827	3,976
	<u>3,827</u>	<u>3,976</u>
	<u> </u>	<u> </u>

8 Interest payable and similar expenses

	2023	2022
	£000	£000
Interest on bank loans	2,799	2,904
Interest on subordinated debt	738	773
	<u>3,537</u>	<u>3,677</u>
	<u> </u>	<u> </u>

Of the above £738,000 (2022: £773,000) was payable to related undertakings.

Notes to the Financial Statements (*continued*)

9 Taxation

	2023 £000	2022 £000
<i>Total tax recognised in the profit and loss account and other comprehensive income</i>		
Corporation tax	114	110
Total current tax	114	110
Deferred tax (see note 16)		
Deferred tax on derivatives	1,529	712
Total deferred tax	1,529	712
Total tax	1,643	822
	2023 £000	2022 £000
Profit before taxation	600	577
Expected tax using the UK Corporation tax rate of 19.00% (2022: 19.00%)	114	110
Total tax expense included in profit or loss	114	110

Reconciliation of effective tax rate

	2023			2022		
	Current Tax	Deferred Tax	Total Tax	Current Tax	Deferred Tax	Total Tax
	£'000	£'000	£'000	£'000	£'000	£'000
Recognised in Profit and loss account	114	-	114	110	-	110
Recognised directly in other comprehensive income	-	1,529	1,529	-	712	712
Total Tax	114	1,529	1,643	110	712	822

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 Financial Instruments

	2023 £000	2022 £000
Carrying amount of financial assets		
Instruments measured at fair value through profit or loss	2,934	-
	<u> </u>	<u> </u>
Carrying amount of financial liabilities		
Measured at fair value through profit or loss		
- Other financial liabilities	-	3,183
	<u> </u>	<u> </u>

(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 2035. 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 SONIA to a fixed rate.

Notes to the Financial Statements (*continued*)

11 Fixed Asset Investments

Company	Shares in Subsidiary £000	Sub debt £000	Total £000
At 1 April 2022	7	3,712	3,719
Sub debt movement in the year	-	(19)	(19)
	<hr/>	<hr/>	<hr/>
At 31 March 2023	7	3,693	3,700
	<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.

12 Debtors

	Group	Company	Group	Company
	2023 £000	2023 £000	2022 £000	2022 £000
Finance debtor	49,515	-	51,572	-
Trade debtors	358	-	10	-
Prepayments and accrued income	204	233	188	224
Deferred tax asset (note 15)	-	-	796	-
Derivative financial instruments	2,934	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	53,011	233	52,566	224
	<hr/>	<hr/>	<hr/>	<hr/>

Debtors include a financial debtor of £47,304,000 (2022: £49,527,000) due after more than one year.

S&W TLP (PSP Two) Limited
Annual Report and Financial Statements
31 March 2023
Company Registration No. 07028475

Notes to the Financial Statements (*continued*)

13 Creditors: amounts falling due within one year

	Group 2023 £000	Company 2023 £000	Group 2022 £000	Company 2022 £000
Bank loans and overdrafts	2,459	-	2,445	-
Subordinated debt	16	12	-	-
Trade creditors	274	-	224	-
Other tax and social security creditors	289	-	340	-
Corporation tax	211	-	195	-
Accruals and deferred income	6,148	221	6,079	224
	<hr/> 9,397	<hr/> 233	<hr/> 9,283	<hr/> 224

14 Creditors: amounts falling due after more than one year

	Group 2023 £000	Company 2023 £000	Group 2022 £000	Company 2022 £000
Bank loans and overdrafts	45,204	-	47,662	-
Debt issue costs	(5,297)	-	(6,032)	-
Subordinated debt	5,114	3,686	5,155	3,712
Other financial instruments	-	-	3,183	-
	<hr/> 45,021	<hr/> 3,686	<hr/> 49,966	<hr/> 3,712

Amounts included above which fall due after five years are as follows:

	Group 2023 £000	Company 2023 £000	Group 2022 £000	Company 2022 £000
Payable by instalments	(38,532)	(3,551)	(41,942)	(3,712)
	<hr/>	<hr/>	<hr/>	<hr/>

Notes to the Financial Statements (*continued*)

15 Interest bearing loans and borrowings

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

	2023 £000	2022 £000
Creditors falling due after more than one year		
Bank loan	45,204	47,662
Subordinated debt	5,114	5,155
Creditors falling due within less than one year		
Bank loan	2,459	2,445
Subordinated debt	16	-

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of Maturity	Repayment	2023 £000	2022 £000
Bank Loan	GBP	SONIA + 1.6%	2036	Semi annual	47,662	50,107
Subordinated Debt	GBP	12%	2036	Semi annual	5,130	5,155

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 SONIA plus a margin of 1.6% following refinancing (SONIA plus 2.72% prior to refinancing).

The 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.

16 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 10).

Deferred tax is provided at 25% (2022: 19%) in the financial statements as follows:

	2023 £000	2022 £000
Deferred tax on revaluation of fair value of derivatives	738	(796)
	738	(796)

Notes to the Financial Statements (*continued*)

17 Called up share capital

Share capital

	2023 £000	2022 £000
<i>Allotted, called up and fully paid</i>		
7,200 (2022: 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.

18 Related party disclosures

Name of related party	Relationship	Type Transaction	Transactions		Balance owed to/(from) at year end	
			2023 £000	2022 £000	2023 £000	2022 £000
S&W TLP (Project Co One) Limited	Subsidiary	Shareholder Loan and Interest	(617)	(633)	(3,914)	(3,934)
Infrastructure Investments Limited Partnership	Shareholders parent undertaking	Shareholder Loan and Interest	444	477	3,914	3,934
S&W TLP Education Partnership Limited	Shareholder of Subsidiary	Shareholder Loan and Interest	62	66	544	546
Salford City Council	Shareholder of Subsidiary	Shareholder Loan and Interest	55	60	489	492
Building Schools for the Future Investments LLP	Shareholder of Subsidiary	Shareholder Loan and Interest	55	60	489	492

S&W TLP (PSP Two) Limited
Annual Report and Financial Statements
31 March 2023
Company Registration No. 07028475

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.