Registered number: 07050833

GREENWICH BSF SPV LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

COMPANY INFORMATION

Directors	P A Would P E Gill (appointed 1 April 2021)
Company secretary	A Blinova
Registered number	07050833
Registered office	3rd Floor, South Building 200 Aldersgate Street London EC1A 4HD
Independent auditor	Ryecroft Glenton Chartered Accountants and Statutory Auditors 32 Portland Terrace Newcastle Upon Tyne NE2 1QP

CONTENTS

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2022

The Directors present their report and the financial statements for the year ended 31 March 2022.

Principal activity

The principal activities of the Company are the design, construction, financing and operation of Crown Woods College and Thomas Tallis School for the Royal Borough of Greenwich (formerly London Borough of Greenwich) under the Building Schools for the Future Private Finance Initiative programme over a period of 27 years.

Results and dividends

The profit for the year, after taxation, amounted to £590,000 *(2021 - £743,000)*.

Going concern

As highlighted in note 12 to the financial statements, the Company meets its day-to-day working capital requirements principally through a senior debt facility which is in place until 2036. The Company's forecasts and projections taking account of reasonably possible changes in trading performance show that the Company should be able to operate within the level of its current facilities, and that no future cash injections will be required.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they adopt the going concern basis in preparing the annual report and accounts.

There are also net liabilities of £17,799k (2021: £20,518k) which are a result of the hedge reserve of £13,443k (2021: £15,572k). It is expected that the company will return to a net asset position for its profit and loss account reserve from 2026 onwards based on expectations set out in the financial models. The Company however continues to operate profitably with a profit after tax of £590k (2021: £743k) and a cash balance of £8,748k (2021: £6,434k) which means it is able to meet its regular working capital requirements.

The directors are also mindful of the relationship with the local authority and ensure that this is carefully monitored and maintained. There have been no instances during the year or since of non-compliance of the Project Agreement, and the relationship with the local authority remains strong.

The credit and performance risk of the Facilities Manager contract supplier is monitored on a regular basis to ensure that the services are delivered on a continuing timely basis to the appropriate standard.

Directors

The Directors who served during the year were:

D J Harding (resigned 1 April 2021)
P A Would
R A M Gillespie (resigned 1 April 2021)
P E Gill (appointed 1 April 2021)

Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

Future developments

The Company expects to trade in line with the financial model.

Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The auditor, Ryecroft Glenton, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

DocuSigned by:

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P E Gill
Director

Date: 25 October 2022

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MARCH 2022

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GREENWICH BSF SPV LIMITED

Opinion

We have audited the financial statements of Greenwich BSF SPV Limited (the 'Company') for the year ended 31 March 2022, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes, including a summary of 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 Company's affairs as at 31 March 2022 and of its 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's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GREENWICH BSF SPV LIMITED (CONTINUED)

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.

Opinion 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 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GREENWICH BSF SPV LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 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 Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

The extent to which 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.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the infrastructure sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, such as the Companies Act 2006, taxation legislation, data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GREENWICH BSF SPV LIMITED (CONTINUED)

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions; and
- assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 3 were indicative of potential bias.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims along with how compliance with laws and regulations is monitored; and
- reviewing correspondence with HMRC, and the company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GREENWICH BSF SPV LIMITED (CONTINUED)

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.

DocuSigned by:

Grahame Maughan

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Grahame Maughan (Senior Statutory Auditor)
for and on behalf of
Ryecroft Glenton
Chartered Accountants and Statutory Auditors
32 Portland Terrace
Newcastle Upon Tyne
NE2 1QP

25 October 2022

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2022

	Note	2022 £000	*2021* *£000*
Turnover	4	**5,627**	*6,365*
Cost of sales		**(4,703)**	*(5,342)*
Gross profit		**924**	*1,023*
Administrative expenses		**(298)**	*(277)*
Operating profit		**626**	*746*
Interest receivable and similar income	7	**6,764**	*7,006*
Interest payable and similar expenses	8	**(6,112)**	*(6,416)*
Profit before tax		**1,278**	*1,336*
Tax on profit	9	**(688)**	*(593)*
Profit for the financial year		**590**	*743*
Other comprehensive income for the year			
Movement of deferred tax relating to cash flow hedge		**(12)**	*(458)*
Effective portion of changes in fair value of cash flow hedge		**2,141**	*4,094*
Other comprehensive income for the year		**2,129**	*3,636*
Total comprehensive income for the year		**2,719**	*4,379*

The notes on pages 12 to 23 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022

	Note		2022 £000		2021 £000
Current assets					
Debtors: amounts falling due after more than one year	10	**84,762**		*89,287*	
Debtors: amounts falling due within one year	10	**3,577**		*4,647*	
Cash at bank and in hand		**8,748**		*6,434*	
		97,087		*100,368*	
Creditors: amounts falling due within one year	11	**(12,237)**		*(11,595)*	
Net current assets			**84,850**		*88,773*
Total assets less current liabilities			**84,850**		*88,773*
Creditors: amounts falling due after more than one year	12		**(102,649)**		*(109,291)*
Net liabilities			**(17,799)**		*(20,518)*
Capital and reserves					
Called up share capital	15		**50**		*50*
Cash flow hedge reserve	16		**(13,443)**		*(15,572)*
Profit and loss account	16		**(4,406)**		*(4,996)*
			(17,799)		*(20,518)*

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

DocuSigned by:
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P E Gill
Director

Date: 25 October 2022

The notes on pages 12 to 23 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022

	Called up share capital	Cash flow hedge reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 April 2021	50	(15,572)	(4,996)	(20,518)
Comprehensive income for the year				
Profit for the year	-	-	590	590
Taxation in respect of items of other comprehensive income	-	(12)	-	(12)
Hedge effective portion of change in fair value of designated hedging	-	2,141	-	2,141
Total comprehensive income for the year	-	2,129	590	2,719
At 31 March 2022	50	(13,443)	(4,406)	(17,799)

The notes on pages 12 to 23 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021

	Called up share capital	Cash flow hedge reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 April 2020	50	(19,208)	(5,739)	(24,897)
Comprehensive income for the year				
Profit for the year	-	-	743	743
Taxation in respect of items of other comprehensive income	-	(458)	-	(458)
Hedge effective portion of change in fair value of designated hedging	-	4,094	-	4,094
Total comprehensive income for the year	-	3,636	743	4,379
At 31 March 2021	50	(15,572)	(4,996)	(20,518)

The notes on pages 12 to 23 form part of these financial statements.

1. General information

Greenwich BSF SPV Limited is a private company limited by shares, domiciled and incorporated in England and Wales. The registered office is 3rd Floor, South Building, 200 Aldersgate Street, London, England, EC1A 4HD. The Company's registered number is 07050833. The principal activities of the Company are set out in the Directors' report.

2. Accounting policies

2.1 Basis of preparation of financial statements

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

The financial statements are presented in Sterling (£) and rounded to the nearest £'000 unless otherwise stated.

2.2 Going concern

As highlighted in note 12 to the financial statements, the Company meets its day-to-day working capital requirements principally through a senior debt facility which is in place until 2036. The Company's forecasts and projections taking account of reasonably possible changes in trading performance show that the Company should be able to operate within the level of its current facilities, and that no future cash injections will be required.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they adopt the going concern basis in preparing the annual report and accounts.

There are also net liabilities of £17,799k (2021: £20,518k) which are a result of the hedge reserve of £13,443k (2021: £15,572k). It is expected that the company will return to a net asset position for its profit and loss account reserve from 2026 onwards based on expectations set out in the financial models. The Company however continues to operate profitably with a profit after tax of £590k (2021: £743k) and a cash balance of £8,748k (2021: £6,434k) which means it is able to meet its regular working capital requirements.

The directors are also mindful of the relationship with the local authority and ensure that this is carefully monitored and maintained. There have been no instances during the year or since of non-compliance of the Project Agreement, and the relationship with the local authority remains strong.

The credit and performance risk of the Facilities Manager contract supplier is monitored on a regular basis to ensure that the services are delivered on a continuing timely basis to the appropriate standard.

2. Accounting policies (continued)

2.3 Revenue

Turnover during the construction period represents the costs capitalised during construction. During the operational period turnover represents the amounts due from the customer in respect of the activities undertaken as described in the Directors' report. The customer pays a monthly fee to the Company for the services provided (the Unitary Payment), which is allocated between turnover, interest receivable on the finance debtor and reimbursement of the finance debtor so as to generate a constant return in respect of the finance debtor over the life of the contract. Turnover reflects recharges for services provided, lifecycle costs and all operating costs plus an appropriate margin apportioned to these costs.

The margin applied is calculated on an annual basis and derived from the operational model which is updated at the end of each year based on the actual costs incurred to date. The margin is calculated as the total income forecast to be receivable over the life of the project less all service, life cycle and other operating costs forecast to be payable over the life of the project.

Turnover originates entirely in the United Kingdom and is stated exclusive of value added tax. Cost of sales represents costs incurred in respect of services delivered in the period.

2.4 Current and deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

2.5 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.6 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.7 Capitalised finance costs

Finance costs are capitalised and measured initially at fair value and are measured subsequently at amortised cost using the effective interest method.

2. Accounting policies (continued)

2.8 Financial instruments

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

(a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and

(b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

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

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2. Accounting policies (continued)

2.8 Financial instruments (continued)

Derivatives, including interest rate swaps, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the statement of comprehensive income in finance costs or income as appropriate, except for hedging instruments in a designated hedging relationship that qualify for hedge accounting, where the resulting gain or loss is recognised as described in section 1.9 below.

2.9 Hedge accounting

The Company has entered into variable to fixed rate interest swaps to manage its exposure to interest rate cash flow risk on its variable rate debt. These derivatives are measured at fair value at each reporting date. To the extent the hedge is effective, movements in fair value are recognised in other comprehensive income and presented in a separate cash flow hedge reserve. Any ineffective portions of those movements are recognised in Statement of Comprehensive Income for the period.

In 2016 the Company refinanced its debt. The previous hedge liability was derecognised from the balance sheet in line with the new swap liability being recognised. However, in line with the judgements applied in note 2 of these financial statements, the hedging reserve and accompanying deferred tax was continued and is being amortised over the life of the new financial liability using the effective interest method.

2.10 Financial asset

The assets of the Company fall under Service Concession Arrangements by virtue of the fact that the public sector customer ("Grantor") passes both elements of the asset control test:

i) The Grantor controls the use of the asset via the project agreement and all service level requirements contained therein;

ii) The Grantor controls the entitlement to residual asset proceeds via an entitlement to purchase the asset prior to an offer to the open market which can be exercised at the Grantor's discretion.

Under section 34 of FRS 102, such assets should be capitalised into a financial asset attributed to the provision of services when there is an unconditional contractual right to receive cash of another financial asset from the Grantor. After initial recognition, the financial asset is accounted for in accordance with section 11 of FRS 102.

Pursuant to section 23 of FRS 102, revenue associated with the financial asset comprises service income related to facilities management, lifecycle maintenance and other administrative running costs of the Company.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial period are as follows:

Key sources of estimation uncertainty

Financial Asset Interest Rate - The financial asset interest income is based on the weighted average cost of capital of the project and is applied to the carrying value of the Financial Asset on a quarterly basis. The average interest rate used at the year end is 7.25% per annum.

Service Margin - After the assets are constructed, the Company provides property management services. The remuneration for these services is recognised at cost plus an estimated mark up for profit on property management services.

Fair value of interest rate swaps - the fair value of interest rate swaps is determined by reference to mark-to-market valuations provided periodically by the senior lender.

Key judgements

Hedge accounting

In 2016 the Company refinanced its debt from Lloyds to MUFG Bank and MEAG Bank. As part of that refinancing, the hedging reserve has been continued as a result of the conditions outlined in 12.18 of FRS102. The key consideration of management being that the hedging strategy, in management's judgement, had been clearly outlined and envisaged in the Project Agreement. Any cumulative gain or loss then resulting on the hedging reserve at the point of refinancing has then been retained in equity and subsequently unwound over the remainder of the concession in line with the senior loan facility on an amortised cost basis under an effective interest rate calculation.

The day one loss in relation to the original swap has been amortised on a straight line basis to the date of refinancing, this loss has been estimated as the difference between the swap break cost and the value of a hypothetical derivative with zero value at day one. Management has used its judgement that hedge accounting can be continued post refinancing as the original hedging strategy has been maintained.

4. Turnover

	2022 £000	*2021* *£000*
Service consession	**4,916**	*5,735*
Pass through income	**711**	*630*
	5,627	*6,365*

All turnover arose within the United Kingdom.

5. Employees

The Company has no employees other than the Directors, who did not receive any remuneration (2021 - £NIL).

6. Directors' remuneration

No directors received any remuneration for services to the Company during the current or prior year. A recharge is made for Director' services amounting to £101k (2021: £75k) during the year.

7. Interest receivable

	2022 £000	2021 £000
Intercompany interest receivable	213	211
Interest receivable on finance debtor	6,546	6,776
Bank interest receivable	5	19
	6,764	7,006

8. Interest payable and similar expenses

	2022 £000	2021 £000
Bank interest payable	3,050	3,236
Interest payable to parent undertakings	1,152	1,156
Other finance costs	1,585	1,682
Other interest payable and amortisation	325	342
	6,112	6,416

9. Taxation

	2022 £000	2021 £000
Corporation tax		
Current tax on profits for the year	294	175
Total current tax	294	175
Origination and reversal of timing differences	394	418
Total deferred tax	394	418
Taxation on profit on ordinary activities	688	593

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is the standard rate of corporation tax in the UK of 19% *(2022 - 19%)*. The differences are explained below:

	2022 **£000**	*2021* *£000*
Profit on ordinary activities before tax	**1,278**	*1,336*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2022 - 19%)	**243**	*254*
Effects of:		
Other timing differences leading to an increase in taxation	**394**	*418*
Adjustments to tax charge in respect of prior periods	**51**	*(79)*
Total tax charge for the year	**688**	*593*

Factors that may affect future tax charges

The UK corporation tax rate reduction from 19% to 17%, effective 1 April 2020, was enacted in September 2016, however as a result of the March 2020 Budget, was delayed indefinitely. Following the March 2021 Budget, plans were announced to increase the UK corporation tax rate to 25% effective 1 April 2023. The deferred tax asset at 31 March 2022 has been calculated using a rate of 25%.

10. Debtors

	2022 £000	2021 £000
Due after more than one year		
Amounts owed by group undertakings	7,100	6,888
Finance debtor receivable	74,208	78,538
Deferred tax asset	3,454	3,861
	84,762	89,287

	2022 £000	2021 £000
Due within one year		
Trade debtors	-	1,426
Prepayments and accrued income	40	10
Finance debtor receivable	3,537	3,211
	3,577	4,647

In the year ended 31 March 2017 the Company issued, to its shareholders, an upstream loan totalling to a notional amount of £5,947k. Interest is charged semi-annually at a rate of 3.026% pa. Loan and interest repayment date is 30 April 2036.

The balance outstanding as at the year end is £7,100k (2021: £6,888k) which represents £5,947k (2021: £5,947k) of loan capital and £1,153k (2021: £941k) of accumulated interest charged.

11. Creditors: Amounts falling due within one year

	2022 £000	2021 £000
Bank loans (Note 12)	6,108	6,345
Trade creditors	210	364
Amounts owed to group undertakings (Note 12)	823	866
Corporation tax	191	174
Other taxation and social security	567	474
Other creditors	15	15
Accruals and deferred income	4,323	3,357
	12,237	11,595

12. Creditors: Amounts falling due after more than one year

	2022 £000	*2021* *£000*
Bank loans	**93,295**	*99,403*
Unamortised facility arrangement fees	**(2,111)**	*(2,384)*
Amounts owed to group undertakings	**9,912**	*10,162*
Cash flow hedge - Interest rate swap	**1,553**	*2,110*
	102,649	*109,291*

Maturity of debt

	2022 £000	*2021* *£000*
In one year or less, or on demand	**6,358**	*6,634*
In more than one year, but no more than two years	**5,948**	*6,357*
In more than two years, but no more than five years	**19,155**	*18,432*
In more than five years	**78,104**	*84,776*
Unamortised facility arrangement fees	**(2,111)**	*(2,384)*
	107,454	*113,815*

Term loans:

On 17 June 2016 the Company refinanced its existing Senior debt with Lloyds Bank and replaced it with MUFG Bank and MEAG Bank. The capital of the Lloyds debt was repaid in full and two new equal loans were drawdown totalling £133,875k.

The interest rate payable on the MUFG loan is LIBOR plus 1.45%. The Company has entered into a swap transaction with MUFG fixing the LIBOR element at 1.518% resulting in total interest being charged on this loan at a rate of 2.968%.

The interest rate payable on the MEAG loan is fixed at 2.883%.

Repayments of the loans are due semi-annually, ending in April 2036.

All amounts drawn under the facilities are secured by a fixed charge over all freehold and leasehold interests, book debts, project accounts and intellectual property of the Company and by a floating charge over the Company's undertakings and assets.

As at 31 March 2022 £99,403k *(2021: £105,748k)* is outstanding under the Term Loan facilities.

12. Creditors: Amounts falling due after more than one year (continued)

Loan from parent Company:

The parent Company shareholders loaned £12,916k on 11 June 2012, which subsequently loaned this amount to Greenwich BSF SPV Limited for the settlement of the Equity Bridge Loan. The loan from the parent Company bears interest at 11% per annum and is repayable in semi-annual installments from 31 March 2013.

As at 31 March 2022, £10,735k (2021: £11,028k) is outstanding in respect of the loan including £573k (2021: £576k) of loan interest is payable.

Financial derivatives:

The Company has entered into interest rate swap contracts with MUFG to hedge its exposure to fluctuations in interest rates. The effect of the interest rate swap is that the Company pays a fixed rate of interest of 2.968% per annum on its loan from 16 June 2016 to 30 April 2036. Receipts and payments on interest rate instruments are recognised on an accruals basis over the life of the instrument.

The notional principal amount of the interest rate swaps as at 31 March 2022 is £49,701k (2021: £52,874k) and the interest rate swaps mature on 30 April 2036.

13. Financial instruments

	2022 £000	*2021* *£000*
Financial liabilities		
Derivative financial instruments designed as hedges of variable interest rate risk	**(1,553)**	*(2,110)*

Derivative financial instruments designated as hedges of variable interest rate risk comprise an interest rate swap. The fair value of the interest rate swap has been determined by reference to prices available from the markets on which the instruments involved are traded.

14. Deferred taxation

	2022 **£000**	*2021* *£000*
At beginning of year	**3,861**	*4,737*
Charged to the profit or loss	**(395)**	*(418)*
Charged to other comprehensive income	**(12)**	*(458)*
At end of year	**3,454**	*3,861*

A deferred tax asset has been recognised to the extent that the Directors consider that it is more likely than not that sufficient taxable profits will be available in the future against which the deferred tax asset can be recovered.

The deferred tax asset is made up as follows:

	2022 **£000**	*2021* *£000*
Deferred tax on derivative instruments	**3,454**	*3,861*
	3,454	*3,861*

15. Share capital

	2022 **£000**	*2021* *£000*
Allotted, called up and fully paid		
50,000 *(2021 - 50,000)* Ordinary shares of £1.00 each	**50**	*50*

16. Reserves

Cash flow hedge reserve

The cash flow hedge reserve includes all current and prior period change in fair value of designated hedging and the associated tax movement.

Profit and loss account

The profit and loss account includes all current and prior period retained profits and losses.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

17. Related party transactions

	2022 £000	*2021 £000*
Equitix Management Services		
Charges for the year	**(118)**	*(117)*
Balance due (to)	**(12)**	*(12)*

Equitix Management Services Limited is a related party due to the ultimate parent Company having significant control over the entity.

£101k (2021: £75k) was paid in total to Equitix Education Limited for the provision of Directors' services.

18. Controlling party

The Directors regard Greenwich BSF Holdco Limited as the immediate parent undertaking. In the Directors' opinion Equitix Fund I LP, an English limited partnership, is considered to be the ultimate parent company.