

Registered number: 07052846

WLHC PROJECTCO LIMITED

'DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022



WLHC PROJECTCO LIMITED

COMPANY INFORMATION

Directors	Andrew Neil Duck Julian Denzil Sutcliffe
Company secretary	Emma Margaret Clarke
Registered number	07052846
Registered office	3rd Floor, Suite 6C Sevendale House 5-7 Dale Steet Manchester M1 1JB
Independent auditor	Mazars LLP Chartered Accountants and Statutory Auditors 6 Dominus Way Meridian East Leicester LE19 1RP
Bankers	Nationwide Building Society Nationwide House Pipers Way Swinton SN38 1NW

WLHC PROJECTCO LIMITED

CONTENTS

	Page
Directors' Report	1 - 2
Directors' Responsibilities Statement	3
Independent Auditor's Report to the Members of WLHC Projectco Limited	4 - 7
Statement of Comprehensive Income	8
Statement of Financial Position	9
Statement of Changes in Equity	10 - 11
Notes to the Financial Statements	12 - 25

WLHC PROJECTCO LIMITED

**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.

The Directors have taken advantage of the small companies exemptions, provided by section 414B of the Companies Act 2006 and not prepared a Strategic Report. The Directors' Report has been applied with the small companies exemptions applicable under the Companies Act 2006.

Principal activities

The Company was incorporated on 22 October 2009 and began trading on 29 January 2010. It has been established to enter into a Private Finance Initiative ("PFI") concession contract with Worcestershire County Council. The PFI contract involves the design, build and financing of the Worcester Library and History Centre in Worcester together with the provision of certain facilities management services within the building. The Project Agreement between the Company and Worcestershire County Council was signed on 29 January 2010.

As part of this contract, the Company entered into a fixed-price sub-contract with Galliford Try Construction Limited to design and build the facility. The construction of the library was completed on 27 January 2012.

The Company has also entered into a sub-contract with Bellrock Property & Facilities Management Limited for the provision of facilities management services within the library.

The PFI project is being financed by a combination of senior and subordinated debt. Senior debt facilities of approximately £35.4m, provided by the Nationwide Building Society and £4m of subordinated debt provided by equity shareholders, funded the construction of the library.

The library was handed over to Worcestershire County Council on 27 January 2012 and the term of the PFI contract is 25 years from this date. The Company began to receive service payments from Worcestershire County Council on 28 January 2012. The construction and other related costs of building are being treated as a financial asset which will be repaid over the life of the contract.

Going Concern

The Directors note that there are Net Assets on the Balance sheet. The Directors have reviewed the Company's projected Profits and Cashflows by reference to a Financial Model covering Accounting Periods up to January 2037, and having examined the current status of the Company's principal contracts and likely developments in the foreseeable future, the Directors consider that the Company will be able to settle its Liabilities as they fall due. The Financial Statements have been prepared on a Going Concern basis.

In the annual review of the Company's going concern, the Directors have considered the long term impact of the Covid-19 pandemic. The Company has entered into long-term contracts with both the client and suppliers, and after careful review of these contracts, the Directors are confident that the Company can operate as normal for the next twelve months. The Directors have committed to carrying out regular reviews of the Company's cash flows to monitor the ongoing situation.

In line with the Infrastructure and Projects Authority Guidance Note dated 2 April 2020, operations have continued during the Covid-19 lockdowns. All unitary charge payments have been received during this period, and there are no indications from any channel that this will not continue. The Covid-19 pandemic has not had any impact on the financial statements as at 31 March 2022.

The Board has assessed the potential risk for future problems to arise both in terms of KPI performance and Company viability, and has determined that the risks posed by Covid-19 have been mitigated either through the nature of the Company and the Project contract, or through additional actions undertaken by Stakeholders, suppliers and Management Service Agreement providers.

WLHC PROJECTCO LIMITED

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

Directors

The Directors who served during the year were:

Andrew Neil Duck
Julian Denzil Sutcliffe

Results and dividends

The profit for the year, after taxation, amounted to £235,000 (2021: £225,000).

Dividends amounting to £235,000 (2021: £223,000) were declared and paid in the year. The Directors do not recommend a payment of a final dividend.

Independent auditors

The auditors, Mazars LLP, will be proposed for reappointment in accordance with section 489 of the Companies Act 2006.

PricewaterhouseCoopers LLP resigned as auditors in the year and Mazars LLP were appointed in their place. Mazars LLP will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Disclosure of information to auditors

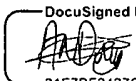
Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are 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 auditors are aware of that information.

Financial reporting, risk and internal controls

The Company has outsourced the financial reporting function to Equitix Management Services Limited ('EMS'). EMS reports regularly to the Board of the Company. The Board receives quarterly reports from EMS which specifically summarise and address the financial, contractual and commercial risks that the Company is exposed to, and are pertinent to the industry in which the Company operates. The Board also receives quarterly management accounts with explanations of variances from annual budgets and forecasts, which are in turn compared to the Financial Model, which represents the long term business plan of the Company and outlines its ability to comply with its debt obligations and covenants. Material deviations from the business plan are investigated and reported on.

This report was approved by the board on 27 September 2022 and signed on its behalf.

DocuSigned by:

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Andrew Neil Duck
Director

WLHC PROJECTCO LIMITED

**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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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;
- state whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

WLHC PROJECTCO LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WLHC PROJECTCO LIMITED

Opinion

We have audited the financial statements of WLHC Projectco 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 notes to the financial statements, 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 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 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.

WLHC PROJECTCO LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WLHC PROJECTCO LIMITED (CONTINUED)

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

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 were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' Report and from the requirement to prepare a strategic report.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 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.

WLHC PROJECTCO LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WLHC PROJECTCO LIMITED (CONTINUED)

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 our procedures are capable of detecting irregularities, including fraud is detailed below.

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.

Based on our understanding of the Company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: health and safety regulation, anti-bribery, corruption and fraud and money laundering.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the Company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities; Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation and the Companies Act 2006.

In addition, we evaluated the Directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to the finance debtor interest rate and service income margin, revenue recognition (which we pinpointed to the completeness assertion), and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the Directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

WLHC PROJECTCO LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WLHC PROJECTCO LIMITED (CONTINUED)

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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.

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:

Paul Johnson

Paul Johnson (Senior Statutory Auditor)

for and on behalf of
Mazars LLP

Chartered Accountants and Statutory Auditors

6 Dominus Way
Meridian East
Leicester
LE19 1RP

29-Sep-2022 | 7:40 AM PDT

WLHC PROJECTCO LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2022

		2022	As restated 2021
	Note	£000	£000
Turnover	4	2,043	1,949
Cost of sales		(1,517)	(1,435)
Gross profit		<u>526</u>	<u>514</u>
Administrative expenses		(279)	(285)
Operating profit	5	<u>247</u>	<u>229</u>
Interest receivable and similar income	7	2,343	2,429
Interest payable and similar expenses	8	(2,300)	(2,386)
Profit before tax		<u>290</u>	<u>272</u>
Tax on profit	9	(55)	(47)
Profit for the financial year		<u><u>235</u></u>	<u><u>225</u></u>
Profit and total comprehensive income for the year		<u><u>235</u></u>	<u><u>225</u></u>

The Statement of Comprehensive Income has been prepared on the basis that all operations are continuing operations.

The notes on pages 12 to 25 form part of these financial statements.

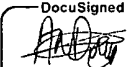
WLHC PROJECTCO LIMITED
REGISTERED NUMBER: 07052846

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	11	30,133	31,464
Debtors: amounts falling due within one year	11	1,220	1,107
Cash at bank and in hand	15	1,904	1,387
		<u>33,257</u>	<u>33,958</u>
Creditors: amounts falling due within one year	12	(2,359)	(2,136)
Net current assets		<u>30,898</u>	<u>31,822</u>
Total assets less current liabilities		<u>30,898</u>	<u>31,822</u>
Creditors: amounts falling due after more than one year	13	(30,862)	(31,786)
Net assets		<u>36</u>	<u>36</u>
Capital and reserves			
Called up share capital	16	10	10
Profit and loss account	18	26	26
Total capital and reserves		<u>36</u>	<u>36</u>

These 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 on 27 September 2022.

DocuSigned by:

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Andrew Neil Duck
 Director

The notes on pages 12 to 25 form part of these financial statements.

WLHC PROJECTCO LIMITED

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

		Called up Share Capital £000	Profit and loss account £000	Total equity £000
At 1 April 2021		10	26	36
Comprehensive income for the year ended 31 March 2022	Notes			
Profit and total comprehensive income for the year		-	235	235
Dividends: Equity capital	17	-	(235)	(235)
At 31 March 2022		10	26	36

The notes on pages 12 to 25 form part of these financial statements.

WLHC PROJECTCO LIMITED

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

		Called up Share Capital £000	Profit and loss account £000	Total equity £000
At 1 April 2020		10	24	34
	Notes			
Comprehensive income for the year ended 31 March 2021				
Profit and total comprehensive income for the year		-	225	225
Dividends: Equity capital	17	-	(223)	(223)
At 31 March 2021		10	26	36

The notes on pages 12 to 25 form part of these financial statements.

WLHC PROJECTCO LIMITED

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

1. Company information

WLHC Projectco Limited is a private company limited by shares incorporated, domiciled and registered in England and Wales. The registered office is 3rd Floor, Suite 6C, Sevendale House, 5-7 Dale Street, Manchester, M1 1JB.

2. Accounting policies

2.1 Basis of preparation of financial statements

These financial statements have been prepared in accordance with the provision of FRS 102 "The Financial Reporting standard applicable in the UK and Republic of Ireland" (FRS102) and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime.

The financial statements are prepared in sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £000. Prior year financial statements were rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below and have been applied consistently to all financial periods presented.

2.2 Going concern

The Directors note that there are Net Assets on the Balance Sheet. The Directors have reviewed the Company's projected Profits and Cashflows by reference to a Financial Model covering Accounting Periods up to January 2037, having examined the current status of the Company's principal contracts and likely developments in the foreseeable future, the Directors consider that the Company will be able to settle its Liabilities as they fall due. Accordingly, the Financial Statements have been prepared on a Going Concern Basis.

2.3 Turnover

Turnover is recognised in accordance with the service concession contract accounting policy. Turnover represents value of work done entirely in the United Kingdom and excludes value added tax.

2.4 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

2.5 Financial instruments

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

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

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

WLHC PROJECTCO LIMITED

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

2. Accounting policies (continued)

2.5 Financial instruments (continued)

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Trade and other debtors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. 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.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short term deposits.

Restricted cash

The Company is obligated to keep separate cash reserves in respect of requirements in the Company's funding agreements. This restricted cash balance, which is shown on the balance sheet within the "cash at bank and in hand" balance, amounts to £1,400,000 at the year end (2021: £1,113,000).

Finance debtor

The finance debtor is classified as a debt instrument, which is initially measured at transaction price including transaction costs and subsequently carried at amortised cost. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans and unsecured subordinated loans, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Trade and other creditors

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.

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

WLHC PROJECTCO LIMITED

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

2. Accounting policies (continued)

2.5 Financial instruments (continued)

are stated at amortised cost using the effective interest method, less any impairment losses.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

2.6 Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Company.

2.7 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

WLHC PROJECTCO LIMITED

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

2. Accounting policies (continued)

2.8 Service concession contract accounting

The Company is an operator of a Public Finance Initiative ("PFI") contract. As the Company entered into the contract prior to the date of transition to FRS102, the Company has taken advantage of the exception in section 35.10(i) of FRS102, which permits it to continue to account for the service concession under the accounting policy applied under old UK GAAP. In particular, the underlying asset is not deemed to be an asset of the Company under old UK GAAP, because the risks and rewards of ownership as set out in that standard are deemed to lie principally with the Authority.

During the construction phase of the project, all attributable expenditure was included in amounts recoverable on contracts and turnover. Upon becoming operational, the costs were transferred to the finance 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 FRS102 section 23. The Company 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 a contractual basis and the revenue in respect of these services is recognised when these services are performed. Contractual costs recognised in excess of those incurred are recognised as a provision.

2.9 Interest receivable and interest payable

Other interest receivable and similar income include interest receivable on funds invested and interest recognised on the finance debtor based upon the finance debtor accounting policy above. Interest payable and similar charges include interest payable on borrowings and associated ongoing financing fees.

2.10 Disclosure Exemptions

The entity meets the criteria of being a small company as defined in FRS 102, as such, advantage has been taken on the following disclosure exemptions available under section 7 part 1B of FRS 102:

- No cash flow statement has been presented for the Company.

2.11 Prior period restatement

The Statement of Comprehensive Income prior year comparatives have been restated to disclose the administrative expenses separately from cost of sales, resulting in a change of £285,000 in each of the values. There has been no impact on either the reported results for the year or the net assets as a consequence.

WLHC PROJECTCO LIMITED

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

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

The preparation of financial statements in conformity with FRS102 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.

Certain critical accounting judgements in applying the Company's accounting policies are described below:

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Finance debtor accounting

The Company has elected to continue to apply its previous accounting treatment in respect of service concession arrangements entered into prior to the date of transition to FRS 102. This has resulted in the measurement of the finance debtor being different from that which would have resulted had the requirements of FRS 102 Section 34 been fully adopted. The accounting for service concession contracts and finance debtors requires estimation of service margins, finance debtors interest rates and associated amortisation profiles which are based on the forecast results of the PFI contracts over the respective concession length. See note 11 for the carrying value of the finance debtor.

Lifecycle costs

The Directors have also used their judgement in assessing the appropriateness of the future lifecycle costs that are included in the Company's forecasts. The Directors will continue to monitor the condition of the assets and undertake a regular review of maintenance spend.

Key sources of estimation uncertainty

Income derived from the PFI contracts is allocated between the provision of the asset via finance income and the provision of subsequent services via revenue.

- 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 monthly basis. The interest rate used in 2022 is 7.39% per annum (2021: 7.39%).

- Service Margin - Maintenance costs are recognised on an incurred basis and the revenue receivable in respect of these services is recognised when the services are performed. The service margin rate used in 2022 is 16.25% per annum (2021: 16.35%).

WLHC PROJECTCO LIMITED

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

4. Turnover

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

	2022	2021
	£000	£000
Revenue	2,043	1,949
	<u>2,043</u>	<u>1,949</u>

All turnover arose within the United Kingdom.

5. Operating profit

The operating profit is stated after charging:

	2022	2021
	£000	£000
Fees payable to the Company's auditors for the audit of the Projectco Company's Financial Statements	8	12
Fees payable to the Company's auditors for the audit of the Holdco Company's Financial Statements	<u>2</u>	<u>2</u>

6. Employees

The Company had no employees during the year (2021: nil).

7. Interest receivable and similar income

	2022	2021
	£000	£000
Interest receivable from group companies	37	44
Interest receivable on finance debtor	2,304	2,383
Interest on bank deposits	2	2
	<u>2,343</u>	<u>2,429</u>

WLHC PROJECTCO LIMITED

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

8. Interest payable and similar expenses

	2022 £000	2021 £000
Interest on loans from parent undertaking	400	450
Bank loan interest payable	1,900	1,936
	<u>2,300</u>	<u>2,386</u>

9. Tax on profit

	2022 £000	2021 £000
Corporation tax		
UK corporation tax on profits for the year	55	47
Total current tax	<u>55</u>	<u>47</u>
Taxation on profit on ordinary activities	<u>55</u>	<u>47</u>

WLHC PROJECTCO LIMITED

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

9. Tax on profit (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is the same as (2021 - lower than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022	2021
	£000	£000
Profit on ordinary activities before tax	290	272
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	55	51
Effects of:		
Adjustments in respect of prior periods	-	(4)
Total tax charge for the year	55	47

Factors that may affect future tax charges

The March 2021 budget outlined a change to the tax rate, increasing the maximum rate to 25% from 2023 onward. This change had not been substantively enacted at the balance sheet date and therefore is not recognised in these financial statements.

WLHC PROJECTCO LIMITED

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

10. Financial instruments

	2022	2021
	£000	£000
Financial Assets measured at amortised cost		
Finance debtor	30,594	31,670
Cash at bank	1,904	1,387
Amount due from parent undertaking	724	870
	<u>33,222</u>	<u>33,927</u>
Financial Liabilities measured at amortised cost		
Term loan	25,230	26,308
Amount owed to group undertakings	3,068	3,137
Trade creditors and accruals	918	783
	<u>29,216</u>	<u>30,228</u>

WLHC PROJECTCO LIMITED

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

11. Debtors

	2022	2021
	£000	£000
Due after more than one year		
Amount due from parent undertaking	724	870
Finance Debtor	29,409	30,594
	30,133	31,464
	2022	2021
	£000	£000
Due within one year		
Finance Debtor	1,185	1,076
Prepayments and accrued income	35	31
	1,220	1,107

Amounts due from parent undertaking are unsecured, and repayable on demand. The Directors do not intend to call the amounts due from WLHC Holdco Limited in the next 12 months and as a result, the loan has been classified as due after more than one year. Interest due amounts to £nil (2021: £nil). Interest is charged at 4.4%.

WLHC PROJECTCO LIMITED

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

12. Creditors: Amounts falling due within one year

	2022 £000	2021 £000
Term loan	1,113	1,131
Amounts owed to group undertakings	74	76
Trade creditors	217	137
Corporation tax	55	29
Other taxation and social security	199	117
Accruals and deferred income	701	646
	2,359	2,136

The amounts owed to group undertakings represent the £74,000 (2021: £76,000) of fixed rate subordinated loan notes received from WLHC Holdco Limited which fall due within one year, and the interest accrued on these as at 31 March 2022.

Interest is payable at a rate of 12.25%.

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

	2022 £000	2021 £000
Term loan	24,118	25,177
Amounts owed to group undertakings	2,994	3,061
Unitary charge control account	3,614	3,412
Deferred lifecycle income	136	136
	30,862	31,786