

Registered number: 07052846

**WLHC PROJECTCO LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2021**



COMPANIES HOUSE

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<b>WLHC PROJECTCO LIMITED</b>
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**COMPANY INFORMATION**

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<b>Directors</b>	Andrew Neil Duck Julian Denzil Sutcliffe
<b>Company secretary</b>	Emma Margaret Clarke
<b>Registered number</b>	07052846
<b>Registered office</b>	3rd Floor, Suite 6C Sevendale House 5-7 Dale Street Manchester M1 1JB
<b>Independent auditors</b>	Pricewaterhouse Coopers LLP Chartered Accountants and Statutory Auditors Atria One 144 Morrison Street Edinburgh EH3 8EX
<b>Bankers</b>	Nationwide Building Society Nationwide House Pipers Way Swinton SN38 1NW

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**WLHC PROJECTCO LIMITED**

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**WLHC PROJECTCO LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 MARCH 2021**

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The Directors present their report and the financial statements for the year ended 31 March 2021.

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 2021.

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.

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**WLHC PROJECTCO LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2021**

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**Directors**

The Directors who served during the year were:

Andrew Neil Duck  
Julian Denzil Sutcliffe

**Results and dividends**

The results for the year are set out on page 8. The profit for the year, after taxation, amounted to £225,000 (2020: £194,000). The net assets for the financial year amounted to £38,000 (2020: £34,000).

Dividends amounting to £223,000 (2020: £161,000) were declared and paid in the year. The Directors do not recommend a payment of a final dividend.

**Independent auditors**

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

**Disclosure of information to auditors**

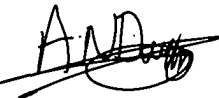
Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- 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 has been prepared in accordance with the provisionals applicable to companies entitled to the small companies exemption, and was approved by the board on 17 August 2021 and signed on its behalf.



Andrew Neil Duck  
Director

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**WLHC PROJECTCO LIMITED**

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**DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2021**

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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.

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**WLHC PROJECTCO LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WLHC PROJECTCO LIMITED**

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**Report on the audit of the financial statements**

**Opinion**

In our opinion, WLHC Projectco Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Directors' Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 March 2021; the Statement of Comprehensive Income and Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

**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 Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Independence*

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

**Conclusions relating to going concern**

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

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**WLHC PROJECTCO LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WLHC PROJECTCO LIMITED  
(CONTINUED)**

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**Reporting on other information**

The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. The Directors are responsible for the other information. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

*Directors' report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' report for the year ended 31 March 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' report.

**Responsibilities for the financial statements and the audit**

*Responsibilities of the directors for the financial statements*

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

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.

*Auditors' 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 auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design



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**WLHC PROJECTCO LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WLHC PROJECTCO LIMITED  
(CONTINUED)**

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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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation and Health and Safety laws and regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the risk of fraud due to management override of controls and the risk of fraud in revenue recognition. Audit procedures performed by the engagement team included:

- Obtaining the list of all journal entries posted during the year and performing testing over journals posted to revenue to ensure that these are all routine journals to recognise unitary charge income;
- Applying professional scepticism when auditing areas of potential management bias, for example areas of estimate and judgment;
- Performing a search for unrecorded liabilities amongst the transactions recorded post year-end; and
- Reviewing meeting minutes of the Board of Directors during the year to assess whether any significant one-off transactions, legal matters, fraud, or non-compliance with laws and regulations were identified.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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 deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

**Use of this report**

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

**Other required reporting**

**Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

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**WLHC PROJECTCO LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WLHC PROJECTCO LIMITED  
(CONTINUED)**

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**Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the Directors were not entitled to: prepare financial statements in accordance with the small companies regime; take advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Paul Cheshire (Senior Statutory Auditor)  
for and on behalf of Pricewaterhouse Coopers LLP  
Chartered Accountants and Statutory Auditors  
Edinburgh  
19 August 2021

**WLHC PROJECTCO LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2021**

	Note	2021 £000	2020 £000
Turnover	4	1,949	1,924
Cost of sales		(1,720)	(1,691)
<b>Gross profit</b>	5	<b>229</b>	<b>233</b>
Interest receivable and similar income	7	2,429	2,497
Interest payable and similar expenses	8	(2,386)	(2,491)
<b>Profit before tax</b>		<b>272</b>	<b>239</b>
Tax on profit	9	(47)	(45)
<b>Profit for the financial year</b>		<b>225</b>	<b>194</b>
<b>Profit and total comprehensive income for the year</b>		<b>225</b>	<b>194</b>

The notes on pages 11 to 22 form part of these financial statements.

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

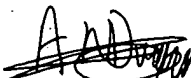
**WLHC PROJECTCO LIMITED**  
**REGISTERED NUMBER: 07052846**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2021**

	Note	2021 £000	2020 £000
<b>Current assets</b>			
Debtors: amounts falling due after more than one year	11	31,464	32,628
Debtors: amounts falling due within one year	11	1,107	1,059
Cash at bank and in hand		1,387	1,153
		<u>33,958</u>	<u>34,840</u>
Creditors: amounts falling due within one year	12	(2,136)	(2,139)
<b>Net current assets</b>		<u>31,822</u>	<u>32,701</u>
<b>Total assets less current liabilities</b>		<u>31,822</u>	<u>32,701</u>
Creditors: amounts falling due after more than one year	13	(31,786)	(32,667)
<b>Net assets</b>		<u>36</u>	<u>34</u>
<b>Capital and reserves</b>			
Called up share capital	16	10	10
Profit and loss account		26	24
<b>Total capital and reserves</b>		<u>36</u>	<u>34</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 17 August 2021.



**Andrew Neil Duck**  
 Director

The notes on pages 11 to 22 form part of these financial statements.

**WLHC PROJECTCO LIMITED**

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

	Notes	Called up Share Capital £000	Profit and loss account £000	Total Equity £000
<b>At 1 April 2019</b>		10	(9)	1
<b>Comprehensive income for the year ended 31 March 2020</b>				
Profit and total comprehensive income for the year		-	194	194
Dividends: Equity capital	17	-	(161)	(161)
<b>At 1 April 2020</b>		10	24	34
<b>Comprehensive income for the year ended 31 March 2021</b>				
Profit and total comprehensive income for the year		-	225	225
Dividends: Equity capital	17	-	(223)	(223)
<b>At 31 March 2021</b>		10	26	36

The notes on pages 11 to 22 form part of these financial statements.

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## WLHC PROJECTCO LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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#### 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.

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WLHC PROJECTCO LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

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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 instrument 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 £1,113,000 at the year end (2020: £919,000).

*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.

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**WLHC PROJECTCO LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

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**2. Accounting policies (continued)**

**2.5 Financial instruments (continued)**

*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.

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.



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**WLHC PROJECTCO LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

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**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.

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**WLHC PROJECTCO LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

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**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.

**4. Turnover**

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

	2021 £000	2020 £000
Revenue	1,949	1,924
	<u>1,949</u>	<u>1,924</u>

All turnover arose within the United Kingdom.

**WLHC PROJECTCO LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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**5. Operating profit**

Operating profit for the year is stated after charging:

	2021 £000	2020 £000
Fees payable to the Company's auditors for the audit of the ProjectcoCompany's Financial Statements	12	8
Fees payable to the Company's auditors for the audit of the HoldcoCompany's Financial Statements	2	2
	<u>14</u>	<u>10</u>

**6. Employees**

The Company had no employees during the year (2020: nil).

**7. Interest receivable and similar income**

	2021 £000	2020 £000
Interest receivable from group companies	44	42
Interest receivable on finance debtor	2,383	2,454
Interest on bank deposits	2	1
	<u>2,429</u>	<u>2,497</u>

**8. Interest payable and similar expenses**

	2021 £000	2020 £000
Interest on loans from parent undertaking	450	464
Bank loan interest payable	1,936	2,027
	<u>2,386</u>	<u>2,491</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**9. Tax on profit**

	2021 £000	2020 £000
<b>Corporation tax</b>		
UK corporation tax on profits for the year	47	45
<b>Total current tax</b>	<u>47</u>	<u>45</u>
<b>Deferred tax</b>		
<b>Total deferred tax</b>	<u>-</u>	<u>-</u>
<b>Taxation on profit on ordinary activities</b>	<u>47</u>	<u>45</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is the same as (2020 - the same as) the standard rate of corporation tax in the UK of 19% (2020 - 19%) as set out below:

	2021 £000	2020 £000
Profit on ordinary activities before tax	272	239
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	51	45
<b>Effects of:</b>		
Adjustments in respect of prior periods	(4)	-
<b>Total tax charge for the year</b>	<u>47</u>	<u>45</u>

**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 2021**

**10. Financial instruments**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
<b>Financial Assets measured at amortised cost</b>		
Finance debtor	<b>31,670</b>	32,676
Cash at bank	<b>1,387</b>	1,153
Amount due from parent undertaking	<b>870</b>	978
	<b>33,927</b>	34,807
<b>Financial Liabilities measured at amortised cost</b>		
Term loan	<b>26,308</b>	27,409
Amount owed to group undertakings	<b>3,137</b>	3,212
Trade creditors and accruals	<b>775</b>	652
	<b>30,220</b>	31,273

The Company held the above categories of Financial Assets and Liabilities.

**WLHC PROJECTCO LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

**11. Debtors**

	2021 £000	2020 £000
<b>Due after more than one year</b>		
Amount due from parent undertaking	870	978
Finance Debtor	30,594	31,650
	<u>31,464</u>	<u>32,628</u>
	2021 £000	2020 £000
<b>Due within one year</b>		
Amount due from parent undertaking	-	22
Finance Debtor	1,076	1,026
Prepayments and accrued income	31	11
	<u>1,107</u>	<u>1,059</u>

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 (2020: £22,000). Interest is charged at 4.4%.

**WLHC PROJECTCO LIMITED**

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FOR THE YEAR ENDED 31 MARCH 2021**

**12. Creditors: Amounts falling due within one year**

	2021 £000	2020 £000
Term loan	1,131	1,156
Amounts owed to group undertakings	76	82
Trade creditors	137	179
Corporation tax	29	45
Other taxation and social security	117	204
Accruals and deferred income	646	473
	<u>2,136</u>	<u>2,139</u>

The amounts owed to group undertakings represent the £76,000 (2020: £82,000) 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 2021

Interest is payable at a rate of 12.25%.

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

	2021 £000	2020 £000
Term loan	25,177	26,253
Amounts owed to group undertakings	3,061	3,130
Unitary charge control account	3,412	3,148
Deferred lifecycle income	136	136
	<u>31,786</u>	<u>32,667</u>

**WLHC PROJECTCO LIMITED**

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**14. Loans**

Analysis of the maturity of loans is given below:

	2021 £000	2020 £000
<b>Amounts falling due within one year</b>		
Term loan	1,131	1,156
Loans from group undertakings and related parties	76	82
	<u>1,207</u>	<u>1,238</u>
<b>Amounts falling due after more than one year</b>		
Term Loan	25,177	26,253
Loans from group undertakings and related parties	3,060	3,129
	<u>28,237</u>	<u>29,382</u>
	<u><u>29,444</u></u>	<u><u>30,620</u></u>

The term loan facility is provided by Nationwide Building Society. The term loan is repayable in instalments commencing on 30 June 2012 and ending on 30 June 2036.

Interest is charged on the term loan at a fixed rate. The fixed rate was 7.04% prior to actual completion of the library (the "Actual Completion Date"), 6.87% from the Actual Completion Date until the date falling 10 years after the Actual Completion Date, 6.99% from the date falling 10 years after the Actual Completion Date until the date falling 15 years after the Actual Completion Date and 7.04% thereafter. The loan is disclosed net of unamortised issue costs of £300,000 (2020: £355,000). The amount outstanding on the term loan over 5 years is £20,405,000.

The Company has received a total of £3,988,000 in the form of fixed rate subordinated loan notes from WLHC Holdco Limited. The loans are stated at amortised cost, using the effective interest rate method and are net of unamortised issue costs of £157,000 (2020: £165,000). Interest is payable at a rate of 12.25% until the final redemption date of 26 January 2037. The amount outstanding on the subordinated loan over 5 years is £2,759,000.

The loan notes are unsecured, fully subordinated to the term loan and are repayable in instalments commencing on 30 September 2012 and ending on 26 January 2037.

The term loan is are secured by way of a fixed and floating charge over the assets of the Company in favour of Nationwide Building Society (as security trustee).



**WLHC PROJECTCO LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

**15. Cash and cash equivalents**

	<b>2021</b>	2020
	<b>£000</b>	£000
Cash at bank and in hand	<b>1,387</b>	1,153
	<b>1,387</b>	1,153

**16. Called up share capital**

	<b>2021</b>	2020
	<b>£000</b>	£000
<b>Allotted, called up and fully paid</b>		
10,000 (2020 - 10,000) Ordinary shares of £1.00 each	<b>10</b>	10

**17. Dividends**

	<b>2021</b>	2020
	<b>£000</b>	£000
Interim paid	<b>223</b>	161
	<b>223</b>	161

During the year dividends of £223,000 were declared and paid (2020: £161,000) this is a dividend of £22.28 per share (2020: £16.11).

**18. Related party transactions**

As the Company is a wholly owned subsidiary it has taken advantage of the exemption under FRS 102 not to disclose transactions and balances with fellow group companies.

During the year the Company had transactions with Equitix (Caterham) Holdco Limited for Directors Fees totalling £43,000 (2020: £43,000).

**19. Parent company**

The Company is a subsidiary undertaking of Equitix (Caterham) Acquisition Co 1 Ltd. The ultimate controlling party is Equitix MA 13 LP.

The immediate parent company is WLHC Holdco Limited a company registered in England and Wales.

The accounts for WLHC Projectco Limited and WLHC Holdco Limited can be obtained from 3rd Floor, Suite 6C, Sevendale House, 5-7 Dale Street, Manchester, M1 1JB.