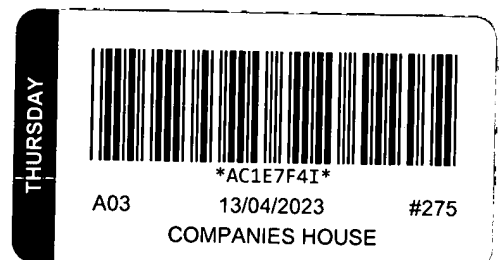


Company registration number 07146266 (England and Wales)

**INSPIRAL OLDHAM LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**



# INSPIRAL OLDHAM LIMITED

## COMPANY INFORMATION

---

<b>Directors</b>	G Cresswell P Elvy J Sutcliffe J Fyfe
<b>Secretary</b>	Vercity Management Services Limited
<b>Company number</b>	07146266
<b>Registered office</b>	8 White Oak Square London Road Swanley Kent BR8 7AG
<b>Auditor</b>	Goodman Jones LLP 29/30 Fitzroy Square London W1T 6LQ
<b>Banker</b>	Barclays Bank Plc Level 28 1 Churchill Place London E14 5HP

---

# **INSPIRAL OLDHAM LIMITED**

## **CONTENTS**

---

	<b>Page</b>
Directors' report	1 - 2
Directors' responsibilities statement	3
Independent auditor's report	4 - 6
Statement of comprehensive income	7
Balance sheet	8
Statement of changes in equity	9
Notes to the financial statements	10 - 24

---

# **INSPIRAL OLDHAM LIMITED**

## **DIRECTORS' REPORT**

### ***FOR THE YEAR ENDED 31 DECEMBER 2022***

---

The directors present their annual report and audited financial statements for the year ended 31 December 2022.

#### **Principal activities**

The principal activity of the company is the provision of social housing for Oldham Metropolitan Borough Council, comprising of both new build and refurbished properties totalling 646 units, two community centres, one retail unit and new open spaces. The concession runs until 2036.

There have not been any significant changes in the company's principal activities in the year under review.

#### **Results and dividends**

The results for the year are set out on page 7.

No interim dividends were paid. The directors do not recommend payment of a final dividend.

#### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

G Cresswell  
P Elvy  
J Sutcliffe  
J Fyfe

#### **Going concern**

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies in the notes to the financial statements.

#### **Qualifying third party indemnity provisions**

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

#### **Financial risk management objectives and policies**

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

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business. At the start of the PFI contract, the company negotiated debt facilities with an external party to ensure that the company has sufficient funds over the life of the PFI concession.

##### ***Interest rate risk***

The company's borrowings expose it to cash flow risk primarily due to the financial risks of changes in interest rates. The company uses interest rate swaps to manage the risk and reduce its exposure to changes in interest rates.

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

The company's principal financial assets are cash, finance debtor and trade and other receivables. The company's credit risk is primarily attributable to its trade receivables which are with one counterparty, although in the opinion of the board of directors this risk is limited as the receivables are with a local government authority.

#### **Future developments**

The directors are not aware, at the date of this report, of any major changes in the company's activities in the next year.

# INSPIRAL OLDHAM LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2022**

---

### **Auditor**

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

### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



.....  
J Fyfe

**Director**

06-04-23  
Date: .....

# **INSPIRAL OLDHAM LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 DECEMBER 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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 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 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.

# **INSPIRAL OLDHAM LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF INSPIRAL OLDHAM LIMITED**

---

#### **Opinion**

We have audited the financial statements of Inspiral Oldham Limited (the 'company') for the year ended 31 December 2022 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- Give a true and fair view of the state of the company's affairs as at 31 December 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. 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 our 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.

# **INSPIRAL OLDHAM LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF INSPIRAL OLDHAM LIMITED**

---

### **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, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures inline 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 industry sector regulations and unethical and prohibited business practices, 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 preparation of the financial statements such as the Companies Act 2006 and UK Tax Legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls). Appropriate audit procedures in response to these risks were carried out. These procedures included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reading minutes of meetings of those charged with governance;
- Obtaining and reading correspondence from legal and regulatory bodies including HMRC;
- Identifying and testing journal entries;
- Challenging assumptions and judgements made by management in their significant accounting estimates.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members; and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.



# **INSPIRAL OLDHAM LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF INSPIRAL OLDHAM LIMITED**

---

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. 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 is available on the Financial Reporting Council's website at: <https://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.

*Goodman Jones LLP*

**Paul Bailey (Senior Statutory Auditor)  
For and on behalf of Goodman Jones LLP**

Date: 06-04-23 .....

**Chartered Accountants  
Statutory Auditor**

29/30 Fitzroy Square  
London  
W1T 6LQ

# INSPIRAL OLDHAM LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £'000	2021 £'000
Turnover	3	4,424	4,353
Cost of sales		(3,632)	(3,717)
<b>Gross profit</b>		<u>792</u>	<u>636</u>
Interest receivable and similar income	7	3,473	3,560
Interest payable and similar expenses	8	(2,680)	(2,745)
<b>Profit before taxation</b>		<u>1,585</u>	<u>1,451</u>
Tax on profit	9	(378)	(120)
<b>Profit for the financial year</b>		<u>1,207</u>	<u>1,331</u>
<b>Other comprehensive income</b>			
Cash flow hedges gain arising in the year	13	3,448	1,630
Tax relating to other comprehensive income	9	(862)	(156)
<b>Total comprehensive income for the year</b>		<u><u>3,793</u></u>	<u><u>2,805</u></u>

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

# INSPIRAL OLDHAM LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2022

	Notes	2022 £'000	£'000	2021 £'000	£'000
<b>Current assets</b>					
Debtors falling due after more than one year	10	59,416		62,816	
Debtors falling due within one year	10	3,796		2,856	
Cash at bank and in hand		7,747		6,561	
		<u>70,959</u>		<u>72,233</u>	
<b>Creditors: amounts falling due within one year</b>	11	<u>(8,405)</u>		<u>(7,343)</u>	
<b>Net current assets</b>			62,554		64,890
<b>Creditors: amounts falling due after more than one year</b>	13		<u>(62,850)</u>		<u>(68,979)</u>
<b>Net liabilities</b>			<u>(296)</u>		<u>(4,089)</u>
<b>Capital and reserves</b>					
Called up share capital	15		50		50
Hedging reserve			665		(1,921)
Profit and loss account			<u>(1,011)</u>		<u>(2,218)</u>
<b>Total shareholders' funds</b>			<u>(296)</u>		<u>(4,089)</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 by the board of directors and authorised for issue on 06-04-23 and are signed on its behalf by:



J Fyfe  
Director

Company Registration No. 07146266

# INSPIRAL OLDHAM LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital	Hedging reserve	Profit and loss reserves	Total
	£'000	£'000	£'000	£'000
<b>Balance at 1 January 2021</b>	50	(3,395)	(3,549)	(6,894)
<b>Year ended 31 December 2021:</b>				
Profit for the year	-	-	1,331	1,331
Other comprehensive income:				
Cash flow hedges gains	-	1,630	-	1,630
Tax relating to other comprehensive income	-	(156)	-	(156)
Total comprehensive income for the year	-	1,474	1,331	2,805
<b>Balance at 31 December 2021</b>	50	(1,921)	(2,218)	(4,089)
<b>Year ended 31 December 2022:</b>				
Profit for the year	-	-	1,207	1,207
Other comprehensive income:				
Cash flow hedges gains	-	3,448	-	3,448
Tax relating to other comprehensive income	-	(862)	-	(862)
Total comprehensive income for the year	-	2,586	1,207	3,793
<b>Balance at 31 December 2022</b>	50	665	(1,011)	(296)

# INSPIRAL OLDHAM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2022

---

#### 1 Accounting policies

##### Company information

Inspiral Oldham Limited is a private company limited by shares incorporated in England and Wales. The registered office is 8 White Oak Square, London Road, Swanley, Kent, BR8 7AG.

##### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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.

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Inspirial Oldham Holding Company Limited. These consolidated financial statements are available from Companies House.

##### Amendments to FRS102: Interest rate reform

The company's hedged items and hedging instruments transitioned to SONIA as of 1st June 2022. During the period between 1st January 2022 and 31st May 2022, the company applied the transition provisions set out in the amendments to FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" Interest Rate Benchmark Reform, issued in December 2019, to those hedging relationships directly affected by IBOR reform. In accordance with these amendments, for the purpose of evaluating whether there is an economic relationship between the hedged items and the hedging instruments, the company assumes that the benchmark interest rate is not altered as a result of IBOR reform and can continue to apply hedge effectiveness throughout the transition period.

##### 1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

# INSPIRAL OLDHAM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

---

### 1 Accounting policies

(Continued)

#### 1.3 Turnover

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Income received in respect of the service concession is allocated between revenue and capital repayment of, and interest income on, the PFI financial asset using the effective interest rate method. Service revenue is recognised as a margin on non-pass-through operating and maintenance costs.

Pass through income represents the direct pass through of recoverable costs, as specified in the Project Agreement.

Variation income relates to the recharge of costs incurred for the alteration of the facilities or the services provided, requested by the Authority.

#### 1.4 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.

#### 1.5 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.

##### **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.

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

# INSPIRAL OLDHAM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

---

#### 1 Accounting policies

(Continued)

##### **Loans and receivables**

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

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.

##### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit or loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

##### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

##### **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 creditors, bank loans and loans from fellow group companies, 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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

# INSPIRAL OLDHAM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

---

#### 1 Accounting policies

(Continued)

##### **Other financial liabilities**

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

##### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

#### **1.6 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.

#### **1.7 Derivatives**

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

The company does not hold or issue derivative financial instruments for speculative purposes.

#### **1.8 Hedge accounting**

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

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

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

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

#### **1.9 Taxation**

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



# INSPIRAL OLDHAM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

---

#### 1 Accounting policies

(Continued)

##### **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 statement of comprehensive income, 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.

#### **1.10 Service concession**

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 exemption in section 35.10 (i) of FRS102 which permit it to continue to account for the service concession arrangements under the accounting policies adopted under old UK GAAP. In particular, as 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.

# INSPIRAL OLDHAM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

---

#### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

##### **Critical judgements**

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

##### ***Hedge accounting***

The directors consider the company to have met the criteria for cash flow hedge accounting. The company has therefore recognised fair value movements on derivatives in effective hedging relationships through other comprehensive income as well as the deferred tax thereon.

The Fair Value of the swaps recorded in the accounts are based on Mark to Market estimates provided by the Bank.

##### **Key sources of estimation uncertainty**

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

##### ***Valuation of derivative financial instruments***

The directors use their judgement in selecting a suitable valuation technique for derivative financial instruments. All derivative financial instruments are valued at the mark to market valuation provided by the derivative counterparty. In these cases, the company uses valuation techniques to assess the reasonableness of the valuation provided by the derivative counterparty. These techniques use a discounted cash flow analysis based on market observable inputs derived from similar instruments in similar and active markets. The fair value of derivative financial instruments at the balance sheet date was an asset of £886,000 (2021: £2,601,000 liability). The directors do not consider the impact of own credit risk to be material.

##### ***Service concession arrangement***

As disclosed in Note 1, the company accounts for the project as a service concession arrangement. The directors use their judgement in selecting the appropriate financial asset rate to be applied in order to allocate the income received between revenue, and capital repayment of and interest income on the financial asset; and also the service margin that is used to recognise service revenue. The directors have also used their judgement in assessing the appropriateness of the future maintenance 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.

# INSPIRAL OLDHAM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 3 Turnover

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

	2022 £'000	2021 £'000
<b>Turnover analysed by class of business</b>		
Service fee income	4,371	3,620
Pass-through income	53	733
	<u>4,424</u>	<u>4,353</u>
<b>Turnover analysed by geographical market</b>		
United Kingdom	<u>4,424</u>	<u>4,353</u>

#### 4 Auditor's remuneration

	2022 £'000	2021 £'000
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	<u>14</u>	<u>13</u>

#### 5 Employees

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

#### 6 Directors' remuneration

No directors received any remuneration for services to the company during the year (2021: nil).

#### 7 Interest receivable and similar income

	2022 £'000	2021 £'000
<b>Interest income</b>		
Interest on bank deposits	34	-
Interest receivable from group companies	97	71
Interest receivable on finance debtor	<u>3,342</u>	<u>3,489</u>
Total income	<u>3,473</u>	<u>3,560</u>

# INSPIRAL OLDHAM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 8 Interest payable and similar expenses

	2022	2021
	£'000	£'000
Interest on bank overdrafts and loans	1,808	1,869
Interest payable to group undertakings	872	876
	<u>2,680</u>	<u>2,745</u>

#### 9 Taxation

	2022	2021
	£'000	£'000
<b>Current tax</b>		
UK corporation tax on profits for the current period	130	60
Over provision in respect of prior periods	-	(65)
Total current tax	<u>130</u>	<u>(5)</u>
<b>Deferred tax</b>		
Movement in tax losses	2	125
Corporate interest restriction	246	-
Total deferred tax	<u>248</u>	<u>125</u>
Total tax charge	<u>378</u>	<u>120</u>

For the year ended 31 December 2022, the UK corporation tax rate of 19% is applied.

The Finance Act 2021 was substantially enacted in May 2021 and has increased the corporation tax rate to from 19% to 25% with effect from 1 April 2023. The deferred taxation balances have been measured using the rates expected to apply in the reporting periods when the timing differences reverse.

# INSPIRAL OLDHAM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 9 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2022 £'000	2021 £'000
Profit before taxation	1,585	1,451
	<u>1,585</u>	<u>1,451</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	301	276
Adjustments in respect of prior years	-	21
Effect of change in tax rate	-	(177)
Corporate interest restriction reactivation	(150)	-
Trading loss utilisation	(21)	-
	<u>130</u>	<u>120</u>
Taxation charge for the year	130	120
Deferred tax arising on:		
Corporate interest restriction utilisation	150	-
Trading losses utilised	21	-
Prior year adjustment	77	-
	<u>378</u>	<u>120</u>
Total tax charge in profit and loss	378	120

In addition to the amount charged to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2022 £'000	2021 £'000
Deferred tax arising on:		
Revaluation of financial instruments treated as cash flow hedges	862	156
	<u>862</u>	<u>156</u>

# INSPIRAL OLDHAM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 10 Debtors

	2022 £'000	2021 £'000
<b>Amounts falling due within one year:</b>		
Corporation tax recoverable	43	174
Derivative financial instruments	261	-
Finance debtor	2,920	2,291
Other debtors	226	129
Prepayments and accrued income	165	113
	<u>3,615</u>	<u>2,707</u>
Deferred tax asset (note 14)	181	149
	<u>3,796</u>	<u>2,856</u>

	2022 £'000	2021 £'000
<b>Amounts falling due after more than one year:</b>		
	<b>Notes</b>	
Amounts owed by group undertakings	2,543	2,036
Derivative financial instruments	625	-
Finance debtor	56,248	59,638
Deferred tax asset	14 -	1,142
	<u>59,416</u>	<u>62,816</u>
Total debtors	<u>63,212</u>	<u>65,672</u>

#### Restricted cash

Included in cash at bank is an amount of £6,201,092 (2021: £4,178,771) restricted for future use by the project's FM provider (Lifecycle maintenance reserve account) and amounts held for lenders' security (Debt service reserve account).

#### Amounts owed by parent undertakings

Amounts owed by group undertakings comprises of an upstream loan of £2,543,000 (2021: £2,036,000) to JLIF Holdings (Regeneration and Social Housing) Limited. The loan is subject to an agreed interest of 4% and is repayable in instalments.

# INSPIRAL OLDHAM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

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

	Notes	2022 £'000	2021 £'000
Bank loans	12	2,295	2,073
Trade creditors		357	123
Amounts owed to parent undertaking	12	542	547
Other taxation		259	378
Derivative financial instruments		-	369
Bank loan accrued interest		147	118
Deferred service concession income		1,597	1,501
Accruals and deferred income		3,208	2,234
		<u>8,405</u>	<u>7,343</u>

### 12 Loans and overdrafts

	2022 £'000	2021 £'000
Bank loans	49,425	51,520
Loans from parent undertakings	7,381	7,415
	<u>56,806</u>	<u>58,935</u>
Payable within one year	2,326	2,107
Payable after one year	54,480	56,828
	<u>56,806</u>	<u>58,935</u>

The loans are secured by a fixed and floating charge over all the assets of the company and a charge over the shares of the company.

# INSPIRAL OLDHAM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

### 12 Loans and overdrafts

(Continued)

#### Bank loans

In April 2018, the company refinanced its debt. The company repaid the outstanding £54m facility provided by Barclays, Santander and Co-op. This debt was redrawn with an additional £6m (to cover refinancing costs) with ING, the new lender, at a reduced margin.

The financing fees associated with the facility were capitalised and will be amortised over the loan repayment period.

The loan is repayable in instalments based on an agreed percentage amount of the total facilities per annum over a certain number of years.

Interest on the facility is charged at rates linked to SONIA. The company has a fixed interest rate swap to mitigate its interest rate exposure. The fixed interest rate on the Senior Term Facility, including all margins, is 5.544%.

#### Subordinated debt

At the year end, the company owed £369,000 (2021: £371,000) in 'A' Loans and £7,012,000 (2021: £7,044,000) in 'B' Loans to its immediate parent company. The subordinated debt is unsecured and is subject to interest at 7.90% and 12.01% respectively. The debt is repayable in full in 2036. Accrued interest of £511,000 (2021: £513,000) is outstanding at 31 December 2022.

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

	Notes	2022 £'000	2021 £'000
Bank loans and overdrafts	12	47,130	49,447
Amounts owed to parent undertakings	12	7,350	7,381
Derivative financial instruments		-	2,232
Deferred service concession income		8,370	9,919
		<u>62,850</u>	<u>68,979</u>

#### Derivative Financial Instruments

In April 2018, the Company refinanced its debt with Santander and Co-op exiting and breaking their swaps. Aviva have left their orphan swap in place which still pays interest at a fixed rate of 3.194%. The interest rate swap matures in November 2035. The interest rate swap settles on a semi-annual basis. The floating rate on the interest rate swap is six months' SONIA. The Company will settle the difference between the fixed and floating interest rate on a net basis.

All interest rate swap contracts are designated as hedges of variable interest rate risk of the Company's floating rate borrowings. The hedged cash flows are expected to occur and to affect profit or loss over the period to maturity of the interest rate swaps.

The fair value of the derivative financial instrument above comprises the fair value of the interest rate swap designated in an effective hedging relationship. The change in fair value of the interest rate swap that was recognised in other comprehensive income in the period was a gain of £3,448,000 (2021: gain of £1,630,000).



# INSPIRAL OLDHAM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

Payable by instalments	37,105	40,123
Payable other than by instalments	7,078	7,225
	<u>44,183</u>	<u>47,348</u>

#### 14 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	<b>Assets 2022 £'000</b>	<b>Assets 2021 £'000</b>
<b>Balances:</b>		
Tax losses	403	650
Deferred tax on derivative financial instrument	(222)	641
	<u>181</u>	<u>1,291</u>
<b>Movements in the year:</b>		<b>2022 £'000</b>
Asset at 1 January 2022		(1,291)
Charge to profit or loss		248
Charge to other comprehensive income		862
Asset at 31 December 2022		<u>(181)</u>

#### 15 Share capital and reserves

	<b>2022 Number</b>	<b>2021 Number</b>	<b>2022 £'000</b>	<b>2021 £'000</b>
<b>Ordinary share capital Issued and fully paid</b>				
Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>	<u>50</u>	<u>50</u>

#### Other reserves

The company's other reserves are as follows:

The profit and loss account represents cumulative profits or losses net of dividends.

The hedging reserve represents the cumulative portion of gains and losses on hedging instruments deemed effective in hedging variable interest rate risk of recognised financial instruments net of deferred tax. Amounts accumulated in this reserve are reclassified to profit or loss in the periods in which the hedged item affects profit or loss or when the hedging relationship ends.

# INSPIRAL OLDHAM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

### 16 Related party transactions

#### Transactions with related parties

During the year the company entered into the following transactions with related parties:

	2022 £'000	2021 £'000
<b>Great Places Housing Group Limited and its subsidiaries</b>		
Director fees	1	1
Operational fees	875	858
Subordinated debt interest	29	29
Upstream loan	5	2
<b>Fenton Holdco Limited and its subsidiaries</b>		
Director fees	28	25
Subordinated debt interest	843	847
Upstream loan interest	92	69

#### Amounts outstanding at 31 December

The following amounts were outstanding at the reporting end date:

	2022 £'000	2021 £'000
<b>Great Places Housing Group Limited and its subsidiaries</b>		
Accrued subordinated debt interest	17	17
Subordinated debt	369	371
Upstream loan	127	106
Operating fees	152	91
Accrued upstream loan interest	11	2
<b>Fenton Holdco Limited and its subsidiaries</b>		
Accrued subordinated debt interest	494	496
Subordinated debt	7,012	7,044
Accrued upstream loan interest	215	127
Upstream loan	2,416	1,930

No guarantees have been given or received.

# **INSPIRAL OLDHAM LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

***FOR THE YEAR ENDED 31 DECEMBER 2022***

---

### **17 Ultimate controlling party**

The company's immediate parent undertaking Inspiral Oldham Holding Company Limited, a company incorporated in Great Britain and registered in England and Wales, with a registered address of 8 White Oak Square, London Road, Swanley, Kent, BR8 7AG. The smallest and largest group in which its results are consolidated is Inspiral Oldham Holding Company Limited. Copies of the consolidated accounts are available from Companies House.

The company's ultimate parent and controlling entity is Fenton Holdco Limited (registered address: 3rd Floor, South Building, 200 Aldersgate Street, London, England, EC1A 4HD).