COMPANY REGISTRATION NUMBER: 07314929

Palio (No 1) Limited

Annual Report and Financial Statements

31 December 2020



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Palio (No 1) Limited

Annual Report and Financial Statements

Year Ended 31 December 2020

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Palio (No 1) Limited

Officers and Professional Advisers

The Board of Directors	J Gordon J Pritchard
Company Secretary	J McKay & Pinsent Masons Secretarial Limited
Registered Office	1 Park Row Leeds England LS1 5AB
Independent Auditors	Johnston Carmichael LLP Chartered Accountants & Statutory Auditors 7-11 Melville Street Edinburgh EH3 7PE

Palio (No 1) Limited

Directors' Report

Year Ended 31 December 2020

The directors present their report and the audited Annual Report and Financial Statements of Palio (No 1) Limited ("the Company") for the year ended 31 December 2020.

Principal Activities

The principal activity of the Company is to invest in PPP infrastructure projects in the UK.

Performance Review

The Company currently holds a 27.08% interest in Service Support (Gravesend) Holdings Limited and a 27.08% interest in Services Support (Manchester) Holdings Limited. During the year, the company continued to receive revenues from its investment in the form of interest on subordinated loans and dividends.

The profit for the financial year, after taxation, amounted to £1,360,589 (2019: £2,293,762)

The profit for the financial year will be transferred to reserves.

The directors are satisfied with the overall performance of the Company and do not foresee any significant change in the Company's activities in the coming financial year.

Key Performance Indicators

The key performance indicator for the Company is the net assets attributable to shareholders.

Going Concern

Having reviewed the Company's investment portfolio including the associated future cash requirements and forecast receipts, the Directors are satisfied that they have a reasonable expectation that the Company will have access to adequate resources to continue in existence for at least 12 months from the date of signing of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

The Company has investments in operational PPP Projects which are expected to yield interest and dividends over the concession. The cash flow from the projects yield comfortably covers the Company's expected cash flow requirements for overheads. The Company's forecasts and projections, taking account of reasonably possible changes in counterparty performance, show that the Company expects to be able to continue to operate.

The Directors have considered the impact of Coronavirus (COVID-19) and based on our risk assessment, are satisfied that this will not directly impact the Company's ability to meet its liabilities as they fall due over the next twelve months. The underlying investment benefits from availability based income which is expected to continue beng received. Therefore, distributions from underlying assets are not expected to be impacted as a result of COVID-19.

Directors

The directors who served the company during the year and up to the date of this report were as follows:

J Gordon
J Pritchard

Dividends

Particulars of dividends paid are detailed in note 10 to the financial statements.

Financial Instruments

Credit risk

The Company faces credit risk in relation to its investment. Credit risk is mitigated by the Company holdings investments in PPP projects, which are supported by central and local government bodies.

Cash flow and liquidity risk

The Company's liquidity risk is principally managed through financing the Company by means of long-term borrowings from the parent.

Qualifying Indemnity Provision

During the year, and at the date of this report, the Company has in place qualifying third party indemnity provisions for the benefit of its directors.

Small Company Provisions

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

Disclosure of Information to Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The auditor, Johnston Carmichael LLP, are deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

This report was approved by the board of directors on 23 September 2021 and signed by order of the board by:

J Pritchard
Director

Palio (No 1) Limited

Directors' Responsibilities Statement

Year Ended 31 December 2020

The directors are responsible for preparing the Directors' Report and the Annual Report and Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare the Annual Report and Financial Statements for each financial year. Under that law the directors have prepared the Annual Report and Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland ("FRS 102"), and applicable law).

Under company law the directors must not approve the Annual Report and Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing the Annual Report and Financial Statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the Annual Report and Financial Statements; and
- prepare the Annual Report and 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.

Palio (No 1) Limited

Independent Auditor's Report to the Members of Palio (No 1) Limited

Opinion

We have audited the financial statements of Palio (No 1) Limited (the 'company') for the year ended 31 December 2020 which comprises the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020, 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.

Independent Auditor's Report to the Members of Palio (No 1) Limited *(continued)*

Other Information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on Other Matters Prescribed by the Companies Act 2006

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

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

Matters on Which We are Required to Report by Exception

In the light of our 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' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

Independent Auditor's Report to the Members of Palio (No 1) Limited *(continued)*

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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.

Extent to which an audit is considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

We obtained an understanding of the legal and regulatory frameworks that are applicable to the company, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The most relevant frameworks we identified include:

- United Kingdom Accounting Standards, including Financial Reporting Standard 102;
- UK Companies Act; and
- UK Corporation taxes legislation.

We gained an understanding of how the company is complying with these laws and regulations by making enquiries of management and those charged with governance. We corroborated these enquiries through our review of any relevant correspondence with regulatory bodies and board meeting minutes.

We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by meeting with management and those charged with governance to understand where it was considered there was susceptibility to fraud. This evaluation also considered how management and those charged with governance were remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how management and those charged with governance oversee the implementation and operation of controls. In areas of the financial statements where the risks were considered to be higher, we performed procedures to address each identified risk.

Independent Auditor's Report to the Members of Palio (No 1) Limited *(continued)*

The following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

- reviewing minutes of meetings of those charged with governance for reference to breaches of laws and regulation or for any indication of any potential litigation and claims;
- reviewing the level of and reasoning behind the company's procurement of legal and professional services;
- enquiring of management and those charged with governance regarding the potential or known or suspected instances of non-compliance with laws and regulations, where they consider fraud is most likely to occur and extent of any litigation claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- performing audit work procedures over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing judgements made by management in their calculation of accounting estimates for potential management bias; and
- consideration of any indicators of impairment of investment and debtor balances by reviewing underlying project performance and projected cashflows.

Our audit procedures were designed to respond to the risk of material misstatements in the financial statements, recognising that the risk of not detecting a material risk due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve intentional concealment, forgery, collusion, omission or misrepresentation. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx. This description forms part of our auditor's report.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

Independent Auditor's Report to the Members of Palio (No 1) Limited *(continued)*

Use of Our Report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Johnston Carmichael LLP

Irvine Spowart (Senior Statutory Auditor)
for and on behalf of Johnston Carmichael LLP

Chartered Accountants
Statutory auditor

24 September 2021

7-11 Melville Street
Edinburgh
EH3 7PE

Palio (No 1) Limited

Statement of Comprehensive Income

Year Ended 31 December 2020

	Note	2020 £	2019 £
Income from participating interests	6	**1,364,588**	2,291,085
Interest receivable and similar income	7	**319,516**	332,765
Interest payable and similar expenses	8	**(324,453)**	(329,460)
Profit before taxation		**1,359,651**	2,294,390
Tax on profit	9	**938**	(628)
Profit for the financial year and total comprehensive income		**1,360,589**	2,293,762

All the activities of the company are from continuing operations.

The notes on pages 13 to 21 form part of these Financial Statements.

Palio (No 1) Limited

Statement of Financial Position

As at 31 December 2020

	Note	2020 £	2019 £
Fixed assets			
Investments	11	**5,978,374**	5,978,374
Current assets			
Debtors: due within one year	12	**24,945**	632,574
Debtors: due after more than one year	12	**2,467,000**	2,467,000
		2,491,945	3,099,574
Creditors: amounts falling due within one year	13	**(54,572)**	(658,202)
Net current assets		**2,437,373**	2,441,372
Total assets less current liabilities		**8,415,747**	8,419,746
Creditors: amounts falling due after more than one year	14	**(2,466,375)**	(2,466,375)
Net assets		**5,949,372**	5,953,371
Capital and reserves			
Called up share capital	15	**74,470**	74,470
Profit and loss account	16	**5,874,902**	5,878,901
Shareholders' funds		**5,949,372**	5,953,371

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 23 September 2021, and are signed on behalf of the board by:



J Pritchard
Director

Company registration number: 07314929

The notes on pages 13 to 21 form part of these Financial Statements.

Palio (No 1) Limited

Statement of Changes in Equity

Year Ended 31 December 2020

		Called up share capital	Profit and loss account	Total
		£	£	£
At 1 January 2019		74,470	5,876,225	5,950,695
Profit for the financial year			2,293,762	2,293,762
Total comprehensive income for the year		–	2,293,762	2,293,762
Dividends paid and payable	**10**	–	(2,291,086)	(2,291,086)
Total investments by and distributions to owners		–	(2,291,086)	(2,291,086)
At 31 December 2019		74,470	5,878,901	**5,953,371**
Profit for the financial year			1,360,589	**1,360,589**
Total comprehensive income for the year		–	1,360,589	**1,360,589**
Dividends paid and payable	**10**	–	(1,364,588)	**(1,364,588)**
Total investments by and distributions to owners		–	(1,364,588)	**(1,364,588)**
At 31 December 2020		74,470	5,874,902	**5,949,372**

The notes on pages 13 to 21 form part of these Financial Statements.

Palio (No 1) Limited

Notes to the Annual Report and Financial Statements

Year Ended 31 December 2020

1. General Information

Palio (No 1) Limited is a private company limited by shares and is incorporated and domiciled in England and Wales. The address of its registered office is 1 Park Row, Leeds, LS1 5AB.

The principal activity of the Company is to invest in PPP infrastructure projects in the UK.

The Company's functional and presentation currency is the pound sterling..

2. Statement of Compliance

The individual financial statements of Palio (No 1) Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland ("FRS 102") and the Companies Act 2006.

3. Accounting Policies

(a) Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed further in the accounting policies.

The accounting policies stated below have been consistently applied to the years presented, unless otherwise stated.

The Company transitioned from IFRS to FRS 102 as at 1 January 2019. Details of how FRS 102 has affected the reported financial position and financial performance is given in note 17.

(b) Going concern

Having reviewed the Company's investment portfolio including the associated future cash requirements and forecast receipts, the Directors are satisfied that they have a reasonable expectation that the Company will have access to adequate resources to continue in existence for at least 12 months from the date of signing of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

The Company has investments in operational PPP Projects which are expected to yield interest and dividends over the concession. The cash flow from the projects yield comfortably covers the Company's expected cash flow requirements for overheads. The Company's forecasts and projections, taking account of reasonably possible changes in counterparty performance, show that the Company expects to be able to continue to operate.

The Directors have considered the impact of Coronavirus (COVID-19) and based on our risk assessment, are satisfied that this will not directly impact the Company's ability to meet its liabilities as they fall due over the next twelve months. The underlying investment benefits from availability based income which is expected to continue beng received. Therefore, distributions from underlying assets are not expected to be impacted as a result of COVID-19.

3. Accounting Policies *(continued)*

(c) Disclosure exemptions

The Company is wholly owned by Craighouse UK 3 Limited and has taken advantage of the exemption in section 33 of FRS 102 'Related Party Disclosures', that allows it not to disclose transactions with wholly owned members of a group.

The Company has taken advantage of the exemption in FRS 102 Section 7 'Statement of Cash Flows' part 1B, which states that a small company is not required to prepare a cash flow statement.

(d) Consolidation

The entity has taken advantage of the option not to prepare consolidated Annual Report and Financial Statements contained in Section 399 of the Companies Act 2006 on the basis that the company and its subsidiary undertakings comprise a small group.

(e) Judgments and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported. These estimates and judgments are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty are as follows:

i) Impairment of assets

The carrying value of those assets recorded in the Company's Statement of Financial Position, at amortised cost, could be materially reduced where circumstances exist which might indicate that an asset has been impaired and an impairment review is performed. Impairment reviews consider the fair value and/or value in use of the potentially impaired asset or assets and compare that with the carrying value of the asset or assets in the Statement of Financial Position. Any reduction in value arising from such a review would be recorded in the Statement of Comprehensive Income. Impairment reviews involve the significant use of assumptions. Consideration has to be given as to the price that could be obtained for the asset or assets, or in relation to a consideration of value in use, estimates of the future cash flows that could be generated by the potentially impaired asset or assets, together with a consideration of an appropriate discount rate to apply to those cash flows.

3. Accounting Policies *(continued)*

(f) Income tax

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

i) Current Tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end. The directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(g) Borrowings

Borrowings are recognised at amortised cost using the effective interest rate method. Under the effective interest rate method, any transaction fees, costs, discounts and premiums directly related to the borrowings are recognised in the Statement of Comprehensive Income over the life of the borrowings. Borrowings with maturities greater than twelve months after the reporting date are classified as non-current liabilities.

(h) Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

(i) Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

(j) Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

3. Accounting Policies *(continued)*

Financial instruments *(continued)*

Basic financial instruments are initially recognised at the transaction price and subsequently at amortised cost, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in the Statement of Comprehensive Income immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in the Statement of Comprehensive Income immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised. 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 entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the Statement of Financial Position. Finance costs and gains or losses relating to financial liabilities are included in the Statement of Comprehensive Income. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

4. Auditors' Remuneration

The audit fee of £2,750 (2019: £2,700) was borne by Craighouse UK 2 Limited and was not recharged.

5. Particulars of Employees and Directors

The average number of persons employed by the Company during the financial year amounted to nil (2019: nil). The Directors are not employed by the Company and did not receive any remuneration from the Company during the year (2019: £nil).

6. Income from Participating Interests

	2020	2019
	£	£
Dividends from participating interests	**1,364,588**	2,291,085

7. Interest Receivable and Similar Income

	2020	2019
	£	£
Interest from Group undertakings	**319,516**	332,765

8. Interest Payable and Similar Expenses

	2020	2019
	£	£
Interest due to Group undertakings	**324,453**	329,460

9. Tax on Profit

Major components of tax (income)/expense

	2020	2019
	£	£
Current tax:		
UK current tax (income)/expense	**(938)**	628
Tax on profit	**(938)**	628

Reconciliation of tax (income)/expense

The tax assessed on the profit for the year is lower than (2019: lower than) the standard rate of corporation tax in the UK of 19% (2019: 19%).

	2020	2019
	£	£
Profit before taxation	**1,359,651**	2,294,390
Profit before taxation by rate of tax	**258,334**	287,484
Effect of expenses not deductible for tax purposes	**–**	148,450
Effect of revenue exempt from tax	**(259,272)**	(435,306)
Total tax (credit)/charge	**(938)**	628

10. Dividends

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2020	2019
	£	£
Interim dividend of £18.31 (2020: £30.76) per share	**1,364,588**	2,291,086

11. Investments

	Shares in group undertakings £
Cost	
At 1 January 2020 and 31 December 2020	**5,978,374**
Impairment	
At 1 January 2020 and 31 December 2020	**–**
Carrying amount	
At 31 December 2020	**5,978,374**
At 31 December 2019	5,978,374

The Company owns the issued share capital of the following companies:

Company	Share capital held %
Registered Office - 8 White Oak Square, London Road, Swanley, Kent, BR8 7AG	
Services Support (Gravesend) Holdings Limited	27.08%
Services Support (Gravesend) Limited*	27.08%
Services Support (Manchester) Holdings Limited	27.08%
Services Support (Manchester) Limited*	27.08%

*Indirectly held

All investments listed above are ordinary shares.

Services Support (Gravesend) Holdings Limited	2020 £	2019 £
Aggregate capital and reserves	250,000	250,000
Profit/(Loss) for the year	1,611,000	8,460,000
Services Support (Gravesend) Limited		
Aggregate capital and reserves	2,858,000	2,715,000
Profit/(Loss) for the year	1,348,000	2,925,000

11. Investments *(continued)*

Services Support (Manchester) Holdings Limited

	£	£
Aggregate capital and reserves	25,000	25,000
Profit/(Loss) for the year	3,428,401	-

Services Support (Manchester) Limited

	£	£
Aggregate capital and reserves	(7,314,000)	(8,369,000)
Profit/(Loss) for the year	4,091,000	782,000

12. Debtors

Debtors amounts falling due within one year are as follows:

	2020	2019
	£	£
Amounts owed by Group undertakings	**24,635**	632,574
Corporation tax repayable	**310**	–
	24,945	632,574

Debtors amounts falling due after more than one year are as follows:

	2020	2019
	£	£
Amounts owed by Group undertakings	**2,467,000**	2,467,000

Amounts owed by Group undertakings includes loan notes due from Services Support (Manchester) Holdings Limited of £1,977,000 (2019: £1,977,000) and Services Support (Gravesend) Holdings Limited of £490,000 (2019 £490,000). The loans bears interest at a rate of 13.5% per annum to Services Support (Manchester) Holdings Limited and 12% to Services Support (Gravesend) Holdings Limited, is unsecured and repayable in the year 2030 for Services Support (Manchester) Holdings Limited and in the year 2028 for Services Support (Gravesend) Holdings Limited. Also included in amounts owed by Group undertakings is accrued interest of £24,635 (2019: £632,574).

13. Creditors: amounts falling due within one year

	2020	2019
	£	£
Amounts owed to group undertakings	**24,822**	627,824
Accruals and deferred income	**29,750**	29,750
Corporation tax	**–**	628
	54,572	658,202

Amounts owed to group undertakings relates to accrued interest and is unsecured, non interest bearing and repayable on demand.

14. Creditors: amounts falling due after more than one year

	2020	2019
	£	£
Amounts owed to group undertakings	**2,466,375**	2,466,375

Amounts owed to group undertakings relates to loans due to the immediate parent. Loans due are unsecured, repayable in line with repayments schedules and bear interest at a fixed rate of 12% - 13.5%.

15. Called Up Share Capital

Issued, called up and fully paid

	2020		2019	
	No.	£	No.	£
Ordinary shares of £1 each	**74,541**	**74,541**	74,541	74,541

There is a single class of ordinary share. There are no restrictions on the distribution of dividends and the repayment of capital.

16. Reserves

Retained earnings records retained earnings and accumulated losses.

17. Transition to FRS 102

This is the first year that the company has presented its results under FRS 102. The last financial statements under IFRS were for the year ended 31 December 2019. The date of transition to FRS 102 was 1 January 2019. Set out below are the changes in accounting policies which reconcile profit for the financial year ended 31 December 2019 and the total equity as at 1 January 2019 and 31 December 2019 between IFRS as previously reported and FRS 102.

Profit for the financial year		**31 December 2019**
		£
IFRS - As previously reported		1,512,447
Fair value movement on investments	A	781,315
Total Adjustment to profit for the financial year		781,315
FRS 102		2,293,762

Total Equity		**1 January 2019**	**31 December 2019**
		£	**£**
IFRS - As previously reported		10,524,370	9,745,732
Fair value movement on investments	A	(4,573,675)	(3,792,361)
FRS 102		5,950,695	5,953,371

A Fair value movement on investments
Under FRS 102, investments can be held at cost whereas under IFRS the investments, consisting of equity and loan investments, were held at fair value. On transition to FRS 102, the investments were recognised at their original cost and any previous gains or losses recognised in the statement of comprehensive income were reversed. The cost of shares in group undertakings was £5,978,374 and the loan advanced was £2,467,000.

18. Related Party Transactions

The Company is wholly owned by Craighouse UK 3 Limited and has taken advantage of the exemption in section 33 of FRS 102 'Related Party Disclosures', that allows it not to disclose transactions with wholly owned members of a group.

The following disclosures are with entities in the Group that are not wholly owned:

The Company received subordinated loan interest of £267,210 (2019: £266,844) and dividend income of £928,411 (2019: £nil) from Services Support (Manchester) Holdings Limited. The Company received subordinated loan interest of £52,306 (2019: £65,921) and dividend income of £436,177 (2019: £2,291,085) from Services Support (Gravesend) Holdings Limited. Amounts owed by group undertakings at 31 December 2020 are disclosed within note 12.

19. Controlling Party

The Company's ultimate parent is Jura Holdings Limited, a Guernsey registered company owned by a consortium of jointly-led funds managed by Dalmore Capital Limited and Equitix Investment Managament Limited. Copies of the financial statements are available from the Guernsey registry website. The Directors consider that there is no ultimate controlling entity.