Sustainable Communities for Leeds Limited

Report and Financial Statements

Year Ended

31 March 2022

Company Number 08320624

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Sustainable Communities for Leeds Limited

Report and financial statements
for the year ended 31 March 2022

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Directors

P Ashbrook
T Mihill
H Holman
J Fyfe

Secretary and registered office

Pario Limited, Unit 18 Riversway Business Village, Navigation Way, Ashton-on-Ribble, Preston, Lancashire, PR2 2YP

Company number

08320624

Banker

Bank of New York Mellon, London Branch, One Canada Square, London, E14 5AL

Auditors

BDO LLP, 3 Hardman Street, Manchester, M3 3AT

Sustainable Communities for Leeds Limited

Strategic report
for the year ended 31 March 2022

The directors present their strategic report together with the audited financial statements for the year ended 31 March 2022.

Business review and future developments

The principal activity of Sustainable Communities for Leeds Limited is the refurbishment of housing stock in the Beeston, Little London and Holbeck areas of Leeds, alongside demolition of properties and construction of new-build properties. The construction period was completed ahead of the planned date of September 2017. During this time the company also provided facilities management services, which increased as each phase of construction was certified.

The directors acknowledge the recent outbreak of Coronavirus (COVID-19) and its potentially adverse economic impact on the UK market and globally. This is covered in more detail as part of the Going Concern section.

The fully operational phase of the project is planned to continue until September 2033. During this time the facilities management sub-contractor will continue to provide planned and reactive maintenance as per the contracts in place. This includes management of a helpdesk available for issues and works required to be logged. Reporting continues to the Authority and group on a monthly basis and to the Majority Creditor on a quarterly basis. Monthly meetings are held to address any issues that have arisen and agree any re-charges which may be due to the Authority, as part of the monthly unitary charge invoice. Bondholder reports continue to be prepared and issued on a semi-annual basis.

Board meetings are held on a quarterly basis with one Annual General Meeting held in July to approve the accounts. In addition, a Bondholder Presentation Meeting is held around the anniversary of Financial Close which was July 2013. Bondholder documents are issued through the Bond Trustee, Bank of New York Mellon. Relationships with all Finance Parties continues to be strong and on a collaborative basis.

The forthcoming year is expected to bring the continued delivery of high quality services to the client of Sustainable Communities for Leeds Limited, with business performance meeting shareholder expectations.

Principal risks and uncertainties

The company has taken on the activity as detailed above and the group in which it sits is risk averse in its trading relationships with its customer, funders and sub-contractors as determined by the terms of their respective detailed PFI contracts. In extreme circumstances, the group could be exposed to subcontractor failure to perform their obligations. The financial risks and the measures taken to mitigate them are as detailed in the following section.

Going concern

The financial statements have been prepared on a going concern basis. The directors have prepared projected cash flow information for at least twelve months from the date of their approval of these financial statements. On the basis of this cash flow information, the directors consider that the group will continue to operate within the long term facility currently agreed. In addition, during the operational phase of the project, sufficient cash flow has been, and is, projected to continue to be generated to allow the company to meet its liabilities as they fall due for payment. The project is continuing in line with the expected business model. The company continues in line with the forecast to generate profits in future years through the maintenance phase of the project once the build phase is completed. Accordingly, despite the context of an uncertain economic climate the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and therefore adopt the going concern basis in preparing the annual report and financial statements. The UK's departure from the European Union is not considered to have caused a significant risk to the company.

The Company is exposed to the COVID-19 risk as a result of the inherent uncertainty around the impact of the pandemic on UK society and economy. Whilst the Company itself is not considered to be significantly exposed, subcontractors which it engages with are considered to have exposure in relation to labour and the ability to continue to perform required services. Performance risk under the Project Agreement and related contracts are passed on to the service providers and to the building contractor. The obligations of these subcontractors are underwritten either by performance guarantees issued by banks or by parent company guarantees. Due to the evolving nature of the risk, the Board continue to actively monitor developments.

The directors acknowledge the recent outbreak of Coronavirus (COVID-19) and its potentially adverse economic impact on the UK market and globally. Further, a review of its impact on the business in the future has been conducted by:

- Analysing the potential impact on business models and strategies; and
- Close engagement and liaison with ENGIE Ltd as its key subcontractor to determine the likely impact of COVID-19; and
- Verifying forward-looking assumptions in respect of financial instruments and cash receipts from the Authority.
- The war in the Ukraine and the impact this may have; and
- Impact from the currently high inflation rate.

Attempts to mitigate the impact centres around constant communication. The directors do not expect there to be any adverse material effect.

Financial risk management

The company has exposures to a variety of financial risks which are managed with the purpose of minimising any potential adverse effect on the company's performance. The board has policies for managing each of these risks and they are summarised below:

Interest rate risk

The Bond and subordinated debt interest in Sustainable Communities for Leeds (Finance) Plc have been fixed. All intercompany balances have a fixed rate of interest.

Liquidity risk

The funds raised from the issue of Bonds and Equity by Sustainable Communities for Leeds (Finance) Plc are passed through to Sustainable Communities for Leeds Limited. When payments are made to Bond holders these are passed from Sustainable Communities for Leeds Limited through the company.

Credit risk

The Fixed Rate Guarantee Bonds held by Sustainable Communities for Leeds (Finance) Plc are listed on the Irish Stock Exchange. The Bonds are guaranteed by an institution of a suitable credit quality. Each year an annual review is carried out by Moody's and Standard & Poor's to assess the performance of the company. Moody's published a review March 2022 stating the underlying rate will remain at A3. Standard & Poor's published a review in August 2020 stating the underlying rate will remain at A-.

Key performance indicators

The company's operations are managed under the supervision of its shareholders and funders and are largely determined by the detailed terms of the PFI contract which stipulates key performance criteria on operational activities performed by Sustainable Communities for Leeds Limited. The performance of the group against the contract is progressing satisfactorily, including the schedule for completing the main capital works. As the group enters the operational phase of the contract all the KPIs stated in the Payment Mechanism will be kept under review.

The Company's performance during the year and financial position at 31 March 2022 are shown on pages 9 to 10. Profit before tax £226k compared with £104k the previous year. Net liabilities were £9,572k at 31 March 2022, slightly lower than £9,756k at 31 March 2021, reflecting profits in the current year. Cash at 31 March 2022 was £6,769k, less than last year's £9,771k. This is due to the retention payment of £3,604k.

Approval

This strategic report was approved on behalf of the Board on 20 July 2022.

T Mihill
Director

Sustainable Communities for Leeds Limited

Report of the directors
for the year ended 31 March 2022

The directors present their report together with the audited financial statements for the year ended 31 March 2022.

Principal activities

The principal activity of Sustainable Communities for Leeds Limited is the refurbishment of housing stock in the Beeston, Little London and Holbeck areas of Leeds, alongside demolition of properties and construction of new-build properties. The construction period was completed ahead of the planned date of September 2017. During this time the company will also provide facilities management services, which increase as each phase of construction is certified. The operational phase of the project is planned to continue until September 2033.

Directors

The directors of the company during the year ended 31 March 2022 and up to the date of signing of the financial statements were:

P Ashbrook
T Mihill
H Holman
J Fyfe

Going concern

The financial statements have been prepared on a going concern basis. The directors have prepared projected cash flow information for at least twelve months from the date of their approval of these financial statements. On the basis of this cash flow information, the directors consider that the group will continue to operate within the long term facility currently agreed. In addition, during the operational phase of the project, sufficient cash flow has been, and is, projected to continue to be generated to allow the company to meet its liabilities as they fall due for payment. The project is continuing in line with the expected business model. The company continues in line with the forecast to generate profits in future years through the maintenance phase of the project once the build phase is completed. Accordingly, despite the context of an uncertain economic climate the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and therefore adopt the going concern basis in preparing the annual report and financial statements. The UK's departure from the European Union is not considered to have caused a significant risk to the company.

Dividends

No dividends were proposed or paid during the year to 31 March 2022 (2021 - £Nil).

Directors' responsibilities statement

The directors are responsible for preparing the report of the directors 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;
- state whether applicable UK Accounting Standards have been followed; and
- 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.

Statement of disclosure of information to the auditor
In the case of each of the persons who are directors at the time when the report is approved under Section 418 of the Companies Act 2006, the following applies:

(a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware; and
(b) they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information; and
(c) confirm the accounts have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Post balance sheet events
There have been no Post Balance Sheet Events to report.

Approved by the Board of Directors and signed on its behalf by



T Mihill

Director
Date: 20 July 2022

Sustainable Communities for Leeds Limited

Independent auditor's report to the members of Sustainable Communities for Leeds Limited

Opinion on the financial statements

We have audited the financial statements of Sustainable Communities for Leeds limited ('The Company') for the year ended 31 March 2022 which comprise the Statement of Comprehensive Income and Income Statement, Statement of Financial Position, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the audit committee.

Independence

We remain 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.

Conclusions relating to going concern

We have nothing to report in respect of the followings matters in relation to which the ISAs (UK) require us to report to you where:

- The directors' use of the going concern basis in the preparation of the financial statements is not appropriate: or
- The directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Report and Financial Statements other than the financial statements and our auditor's report thereon. 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.

Opinion on other matters prescribed by the Companies Act 2006

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

- The information given in the strategic report and the report of directors for the financial year for which the financial statements are prepared is consistent with financial statements.
- The strategic report and the report of directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and report of the directors.

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 by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- The Company 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.

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.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

DocuSigned by:
Hamid Ghafoor
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Hamid Ghafoor (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
3 Hardman Street, Manchester, United Kingdom

Date 22 July 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Sustainable Communities for Leeds Limited

Statement of comprehensive income and income statement for the year ended 31 March 2022

	Note	2022 £	2021 £
Turnover		**5,341,167**	4,790,607
Cost of sales		**(3,657,445)**	(3,148,549)
Operating profit	3	**1,683,722**	1,642,058
Interest receivable and similar income	4	**4,775,314**	5,199,344
Interest payable and similar charges	5	**(6,233,488)**	(6,737,730)
Profit on ordinary activities before taxation		**225,548**	103,672
Taxation on profit from ordinary activities	6	**(42,854)**	(19,698)
Profit on ordinary activities after taxation and total comprehensive income		**182,694**	83,974

The company has been engaged solely in continuing activities in a single class of business within the United Kingdom.

There is no difference between the loss for the financial period as shown in the statement of comprehensive income and income statement and its historical cost equivalent.

The notes on pages 12 to 20 form part of these financial statements.

Sustainable Communities for Leeds Limited

Statement of Financial Position
at 31 March 2022

Company number 08320624	Note	2022 £	2021 £
Current assets			
Debtors (including £65,958,282 (2021: £72,947,410) due after one year)	7	**72,997,872**	79,886,135
Cash at bank and in hand		**6,768,906**	9,771,576
		79,766,778	89,657,711
Creditors: amounts falling due within one year	9	**(8,700,392)**	(11,639,014)
Net current assets		**71,066,386**	78,018,697
Creditors: amounts falling due after more than one year	10	**(80,638,956)**	(87,773,961)
Net liabilities		**(9,572,570)**	(9,755,264)
Capital and reserves			
Called up share capital	13	**1,000**	1,000
Profit and loss account		**(9,573,570)**	(9,756,264)
Shareholder's deficit		**(9,572,570)**	(9,755,264)

The financial statements were approved by the Board of Directors and authorised for issue on 20 July 2022.

T Mihill
Director

The notes on pages 12 to 20 form part of these financial statements.

Sustainable Communities for Leeds Limited

Statement of Changes in Equity
For the year ended 31 March 2022

	Share capital	Profit and loss	Total
	£	£	£
1 April 2020	1,000	(9,840,238)	(9,839,238)
Profit for the year	-	83,974	83,974
31 March 2021	1,000	(9,756,264)	(9,755,264)
1 April 2021	**1,000**	**(9,756,264)**	**(9,755,264)**
Profit for the year	**-**	**182,694**	**182,694**
31 March 2022	**1,000**	**(9,573,570)**	**(9,572,570)**

The notes on pages 12 to 20 form part of these financial statements.

Sustainable Communities for Leeds Limited

Notes forming part of the financial statements
for the year ended 31 March 2022

1 Accounting policies

Sustainable Communities for Leeds Limited is a company incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the company operations and its principal activities are set out in the strategic report. The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

Going concern

The financial statements have been prepared on a going concern basis. The directors have prepared projected cash flow information for at least twelve months from the date of their approval of these financial statements. On the basis of this cash flow information, the directors consider that the company will continue to operate within the long term facility currently agreed. In addition, during the operational phase of the project, sufficient cash flow has been, and is, projected to continue to be generated to allow the group to meet its liabilities as they fall due for payment. The project is continuing in line with the expected business model. The company continues in line with the forecast to generate profits in future years through the maintenance phase of the project once the build phase is completed. Accordingly, despite the context of an uncertain economic climate the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and therefore adopt the going concern basis in preparing the annual report and financial statements.

Turnover

Turnover represents the value of work done and services rendered during the period, excluding value added tax. All turnover originates in the United Kingdom.

The company recognises income when it has fully fulfilled its contractual obligations. In accordance with Financial Reporting Standard (FRS) 102, the company includes sales and purchase transactions related to variations under the original contract where the benefits and risks are retained by the company, within the financial statements as turnover and operating costs.

Transactions to which the company does not have access to all the significant benefits and risks are excluded from the financial statements.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of timing differences that have originated but not reversed at the balance sheet date where an event or transaction has occurred at the balance sheet date that results in an obligation to pay more or less tax in future.

Deferred tax is measured at the average tax rates that are expected to reverse, based on tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognised only to the extent that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax assets and liabilities are not discounted.

1 Accounting policies *(continued)*

Finance costs

In accordance with FRS 102 all finance costs, which are directly attributable to the issuing of the debt, are offset against the related borrowings within creditors and amortised over the life of those borrowings.

Financial asset - contract debtor

Attributable finance costs incurred on debt borrowings during the construction phase were capitalised on a gross basis before the deduction of any tax relief, in line with related construction activity.

The amounts receivable are treated as a long term contract debtor with a constant amount of the planned net revenue arising from the project being allocated to remunerate the contract debtor. Imputed interest receivable is allocated to the contract debtor using a property specific rate to generate a constant rate of return over the life of the contract. Over the course of the contract term the contract debtor is expected to be fully repaid. The remainder of the PFI unitary charge income is included in turnover in accordance with FRS 102. The company recognises income in respect of services it provides as it fulfils its contractual obligations in respect of those services.

Major maintenance replacement

Income is deferred to future periods, as described above in Financial asset - contract debtor accounting policy, to cover the future major maintenance expenditure, in order to match the element of income with the costs to which it relates. The turnover and costs of sale are recorded, in the profit and loss account, in the period in which the costs of major maintenance replacement are incurred.

Cash flow statement

The company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 102, as a result of being a wholly owned subsidiary of Sustainable Communities for Leeds (Holdings) Limited, which itself is incorporated and registered in England and Wales and produces group financial statements in accordance with the Companies Act 2006 which include a consolidated group cash flow statement.

2 Judgement in applying accounting plans and key sources of estimation uncertainty

The company makes estimates and assumptions concerning the future. Management are also required to exercise judgment in the process of applying the company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes judgements on the recoverability of the amounts recoverable on long term contracts, based on the receipt of the unitary fee, in accordance with the contractual payment mechanisms contained in the project agreement with its client, Leeds City Council.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

Judgement in applying accounting plans and key sources of estimation uncertainty *(continued)*

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

- Accounting for the service concession contract and finance debtors requires an estimation of service margins, finance debtors interest rates and associated amortisation profile which is based on forecasted results of the PFI contract.

3 Operating profit

The company had no employees during the year other than the directors. No remuneration was paid directly by the company to the directors in respect of their services to the company.

The amounts paid by the company relating to the services of the directors totalled £46,672 (2021: £45,844) and reflects the secondment costs recharged to the company by each shareholder. None of the directors received any defined benefit or defined contribution pension scheme contributions from the company.

The auditor's remuneration in respect of the audit of the company's financial statements was £31,500 (2021 - £30,000). In addition, the company bore £3,150 (2021 - £3,000) in respect of the audit fee for its parent company during the year, and £2,100 (2021 - £2,000) for Sustainable Communites for Leeds (Finance) Plc, both of which were not recharged.

4 Interest receivable and similar income

	2022 £	2021 £
Finance debtor imputed interest	**4,775,280**	5,199,344
Interest receivable	**34**	-
	4,775,314	5,199,344

5 Interest payable and similar income

	2022 £	2021 £
Interest payable on bond to group undertakings	**3,959,267**	4,276,986
Interest on amounts due to group undertakings	**1,914,202**	1,993,864
Amortisation of fees	**125,715**	213,754
Finance guarantor ongoing fee	**234,304**	253,126
	6,233,488	6,737,730

6 Taxation on profit from ordinary activities

a) Analysis of tax charge for the year

	2022 £	2021 £
Current tax:		
UK corporation tax on profits for the year	**6**	-
Deferred tax:		
Origination and reversal of timing differences	**42,848**	19,698
Tax on profit on ordinary activities	**42,854**	19,698

b) Factors affecting current tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 19%. The differences are explained below:

	2022 £	2021 £
Profit on ordinary activities before tax	**225,548**	103,672
Profit on ordinary activities multiplied by effective rate of corporation tax in the UK of 19% (2021 - 19%)	**42,854**	19,698
Effect of:		
Adjustment in relation to rate changes on deferred tax	**-**	-
Group relief surrendered	**-**	-
Tax for the year (note 6(a))	**42,854**	19,698

The company has losses of £11,795,619 (2021 - £12,019,179) available to carry forward against future taxable profits.

The government has announced an increase in the UK Corporation tax rate from 19% to 25% from 1 April 2023, which was substantively enacted in May 2021.

7 Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Amounts recoverable on contract	**6,800,532**	6,845,253
Corporation tax	**6,640**	4,190
Trade debtors	**92,185**	-
Prepayments and accrued income	**156,942**	89,282
	7,056,299	6,938,725
Amounts falling due after more than one year:		
Amounts recoverable on contract	**63,700,407**	70,663,395
Deferred tax asset (note 8)	**2,241,166**	2,284,015
	65,941,573	72,947,410

8 Deferred tax asset

	2022 £	2021 £
Deferred tax asset	**2,241,166**	2,284,015
The movements in deferred tax during the year are as follows:		
At 1 April	**2,284,015**	2,303,713
Charge to the profit and loss account (note 6(a))	**(42,849)**	(19,698)
At 31 March	**2,241,166**	2,284,015
The deferred tax asset consists of:		
Tax losses available	**2,241,166**	2,284,015

9 Creditors: amounts falling due within one year

	2022 £	2021 £
Amounts owed to fellow group companies:		
Bond (note 11)	**6,394,271**	6,225,249
Subordinated loan (note 11)	**1,064,265**	652,982
Trade creditors	**148,527**	27,678
Retention provision	**2**	3,604,766
VAT creditor	**508,298**	419,617
Accruals and deferred income	**585,029**	708,722
	8,700,392	11,639,014

Terms of the intercompany bond and subordinated loan can be found in note 11.

10 Creditors: amounts falling due after more than one year

	2022 £	2021 £
Amounts owed to fellow group companies:		
Bond (note 11)	**65,575,614**	72,057,823
Subordinated loan (note 11)	**15,063,342**	15,716,138
	80,638,956	87,773,961

Terms of the intercompany bond and subordinated loan can be found in note 11.

11 Loans and borrowings

	2022 £	2021 £
Bond	**73,270,880**	79,709,781
Subordinated loan	**15,993,300**	16,249,306
	89,264,180	95,959,087
Less: amortised issue costs	**(1,300,995)**	(1,426,709)
	87,963,185	94,532,378

11 Loans and borrowings *(continued)*

Maturity of debt:		
Within one year	**7,584,632**	7,091,883
Between one and two years	**6,991,557**	7,187,655
Between two and five years	**19,707,455**	20,158,505
In more than five years	**54,980,536**	61,640,858
	89,398,485	96,078,901
Less: amortised debt issue costs	**(1,300,995)**	(1,426,709)
	88,097,490	94,652,192

The Bond, which is an intercompany on lending of bond funds from Sustainable Communities for Leeds (Finance) Plc, as at 31 March 2022 totalled £73,270,880 (excluding issue costs) (2021 - £79,709,781) and is repayable over 19 years on fixed dates which commenced on 30 September 2017.

The total issue costs of the Bond amounts to £2,817,518 (2021 - £2,817,518) with £1,300,995 remaining unamortised at 31 March 2021 (2021 - £1,426,709).

There is an intercompany (subordinated) loan made from Sustainable Communities for Leeds (Finance) Plc to Sustainable Communities for Leeds Limited of £12,730,000 (2020 - £12,730,000) excluding issue costs. This is repayable over the remaining life of the project. Balance as at 31 March 2022 is £15,993,300 (2021 - £16,249,306). Interest is payable at a rate of 11.75%, and the loan is unsecured.

12 Financial Instruments

	2022 £	2021 £
Financial Assets		
Financial assets that are measured at amortised cost	**77,269,845**	87,280,224
Financial Liabilities		
Financial liabilities that are measured at amortised cost	**(88,824,408)**	(98,988,797)
Interest receivable on financial assets measured at amortised cost	**4,775,314**	5,199,344
Interest payable on financial liabilities measured at amortised cost	**(6,233,488)**	(6,737,730)

Financial assets measured at amortised cost comprise amounts owed by group companies and cash. Financial liabilities measured at amortised cost comprise intergroup loans.

Information regarding the group's exposure to and management of credit risk, liquidity risk, and interest rate risk is included in the Strategic report.

13 Share capital

	Allotted, called up and fully paid			
	2022 Number	2021 Number	2022 £	2021 £
Ordinary shares of £1 each	**1,000**	1,000	**1,000**	1,000

14 Commitments

Under the terms of a Facilities Management Agreement between Sustainable Communities for Leeds Limited and Keepmoat Limited, Sustainable Communities for Leeds Limited is committed to pay £15,579,071 in Lifecycle costs net of any deductions that are for the account of Keepmoat in the period to 31 March 2033. The outstanding commitment at 31 March 2022 is £26,988,425 (including estimated future inflation) (2021 - £25,897,838).

	2022 £	2021 £
Within one year	**463,721**	308,172
Between one and two years	**491,491**	279,825
Between two and five years	**5,620,455**	2,986,863
In more than five years	**20,412,759**	22,322,978
	26,988,425	25,897,838

15 Related party transactions

The company has taken advantage of the exemption available in FRS 102 whereby it has not disclosed transactions with other group undertakings on the basis that it is a wholly owned subsidiary where consolidated accounts are publicly available.

Related party transactions during the year consisted of long-term loan facilities and general operating costs with Equitix Housing 2 Limited and PIP Infrastructure Platform Limited and are disclosed below stated net of value added tax (where applicable).

Equitix Housing 2 Limited

During the period, Sustainable Communities for Leeds Limited has:

- Paid Director's fees of £23,336 (2021 - £22,922). At 31 March 2022 outstanding payment due was £6,121 (2021 - £3,560).

Pension Infrastructure Platform (PIP) Limited

During the period, Sustainable Communities for Leeds Limited has:

- Paid Director's fees of £23,336 (2021 - £22,922). At 31 March 2022 outstanding payment due was £6,121 (2021 - £3,560).

16 Ultimate parent undertaking and controlling party

The Company is a wholly owned subsidiary of Sustainable Communities for Leeds (Holdings) Limited. The consolidated financial statements of Sustainable Communities for Leeds (Holdings) Limited can be obtained from Sustainable Communities for Leeds (Holdings) Limited, Unit 18, Riversway Business Village, Navigation Road, Ashton-on-Ribble, Preston, Lancashire, PR2 2YP. These are the largest and smallest group of undertakings for which group accounts are drawn up.