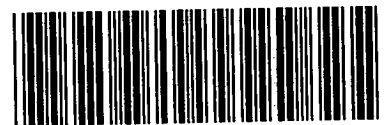


**S4B Limited**

**ANNUAL REPORT AND  
FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2014**

WEDNESDAY



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COMPANIES HOUSE

**Registered Number: 08493217**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2014**

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**DIRECTORS AND ADVISORS**

**Directors**

B Leech (Appointment 17/04/2013)  
B Love (Appointment 16/12/2013)  
G W Mackinlay (Appointment 28/02/2014)  
H R Nicholson (Appointment 29/05/2014)  
L R Simmons (Appointment 16/12/2013)  
J Winterbourne (Appointment 16/12/2013)  
G Lagar (Appointment 16/12/2013, Resigned 05/06/2014)  
D Rose (Appointment 17/04/2013, Resigned 28/02/2014)

**Company secretary**

G Springett

**Registered office**

48 Gresham Street  
London  
EC2V 7AY  
United Kingdom

**Auditor**

Grant Thornton UK LLP  
Chartered Accountants  
London

**Principal bankers**

Barclays Bank PLC  
One Churchill Place  
London  
E14 5HP

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## STRATEGIC REPORT

The Directors submit their annual strategic report and the audited financial statements for the period ended 30 September 2014.

### REVIEW OF THE PERIOD

The Company began construction and refurbishment on the Brunswick Housing project in Manchester during the period.

### FUTURE DEVELOPMENTS

The Directors of the Company are not aware of any circumstances by which the principal activity of the Company would alter or cease. The Company was incorporated on 17 April 2013.

### RESULTS AND DIVIDENDS

The loss after taxation for the year amounted to £2,591,430. No dividends were paid or declared during the year.

### BUSINESS REVIEW

The business review discusses the following areas:

#### OPERATIONS

The Company is contracted by Manchester City Council to construct and refurbish the Brunswick housing project in Manchester. Facilities management services are subcontracted to Mears (Facilities Management) Limited; service deductions are passed down to Mears to mitigate the risk of deductions being suffered by the Company. The Company suffered no deductions during the year or preceding period that were not passed down to the facilities management sub-contractor. The Company has subcontracted the new build construction to Galliford Try Limited and the housing management of the project to Contour Homes Limited.

#### SUPPLIER PAYMENT POLICY

The Company's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that all Company suppliers are made aware of the terms of payment and abide by these terms. Trade creditors of the Company at 30 September 2014 were equivalent to 23 days' purchases, based on the average daily amount invoiced by suppliers during the year.

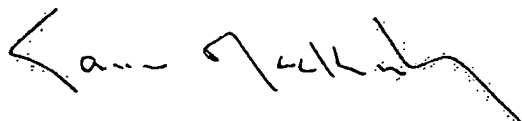
#### KEY PERFORMANCE INDICATORS

The key performance indicators for the Company are that the Company suffered no unavailability or service deductions during the year or preceding period and performed within the restrictions imposed by project documentation. The Company performed within the parameters expected in comparison to financial model profiling and at no time breached any covenant of the project documentation.

#### PERFORMANCE

The Company has made a loss due to high set up costs incurred but this is in line with expectations. The Company's sole purpose is the construction, refurbishment and management of the Brunswick Social Housing project - this aim has been achieved during the period.

Approved by the Board and signed on its behalf by:



G Mackinlay  
Director

16/12/14

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## DIRECTORS' REPORT

The Directors submit their annual report and the audited financial statements for the period ended 30 September 2014.

### PRINCIPAL ACTIVITIES

The principal activity of the Company is the construction and refurbishment of housing in the Manchester area under contract with Manchester City Council.

### DIRECTORS

The Directors who served throughout the year are shown on page 1.

### GOING CONCERN

The Directors have considered the stability of financial counterparties to this project during the construction phase and have concluded that all financial counterparties have the ability to meet all contractual obligations associated to the senior lending facilities.

The Directors have also considered the ability of government authorities to continue to pay unitary fees due to the Company and do not consider this to be a material risk.

The Company's forecasts and projections, taking into account of reasonably possible changes in counterparty performance, show that the Company expects to be able to operate within the level of its current facilities and continue to meet forecast bond covenants.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

### FINANCIAL RISK REVIEW

All RPI risk is managed via an index linked payment mechanism. The Company has a single client; although loss of this client would be financially significant, the Company mitigates this risk via project contracts and by only dealing with creditworthy government authorities.

The Company's board of Directors has built an appropriate liquidity risk management framework for the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate cash reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities.

### FINANCIAL RISK MANAGEMENT

The company's principal financial instrument comprises of Guaranteed Investment Contract held with Lloyds Banking Group PLC. As at 30th September 2014, the Guaranteed Investments Contract consist of £48,215,773 at 1.047%. The main purpose of the Guaranteed Investment Contract is to release cash into the project as scheduled in the financial model while earning interest at a fixed rate, known in advance.

The main risk arising from the company's financial instruments is interest rate risk.

#### *Interest rate risk*

The company has entered into a fixed interest rate Guaranteed Investment Contract to minimise risk from movement in base interest rates.

#### *Liquidity Risk*

The use of the financial model mitigates liquidity risk by modelling expected cash flows throughout the life of the project. Funding requirements were assessed and arranged prior to commencement. Liquidity risk is low because cash flows are predictable and not prone to significant unexpected fluctuations.

#### *Credit Risk*

The company's principal financial assets are bank balances, cash, debtors, and the guaranteed investment contract, which represent the company's maximum exposure to credit risk in relation to financial assets.

The company's credit risk is primarily attributable to trade debtors. Credit risk is managed by use of a financial model which shows when payment should be received. Credit risk is low because the customer is a local authority and therefore government-backed.

### AUDITOR

Grant Thornton UK LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Board Meeting.

**DIRECTORS' REPORT (continued)**

**Statement of Directors Responsibilities**

The Directors are responsible for preparing the Strategic Report, 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) including FRS102, "The financial Standard applicable in the United Kingdom and Republic of Ireland. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

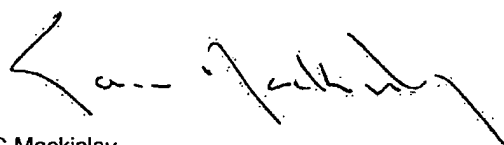
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- 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.

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

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

Approved by the Board and signed on its behalf by:



G Mackinlay

Date

16/12/14

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF S4B LIMITED

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We have audited the financial statements of S4B Limited for the period ended 30 September 2014 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102, "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland."

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.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Statement of Directors' Responsibilities, 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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2014 and of its loss for the period 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.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where 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.

*Grant Thornton UK LLP*

Richard Hagley (Senior Statutory Auditor)  
for and on behalf of Grant Thornton UK LLP  
Chartered Accountants  
London  
Date 17 December 2014

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 30 SEPTEMBER 2014

	Notes	Period ended 30 September 2014 £
Turnover	4	23,753,749
Cost of sales		(22,073,095)
<b>Gross profit</b>		<b>1,680,654</b>
Administrative expenses		(1,583,563)
<b>Operating profit</b>	5	<b>97,091</b>
Interest receivable and similar income		420,112
Interest payable and similar charges		(3,108,633)
<b>Loss on ordinary activities before taxation</b>		<b>(2,591,430)</b>
Tax on loss on ordinary activities	7	-
<b>Loss for the period</b>		<b>(2,591,430)</b>
Other comprehensive income		-
<b>Total comprehensive income</b>		<b>(2,591,430)</b>

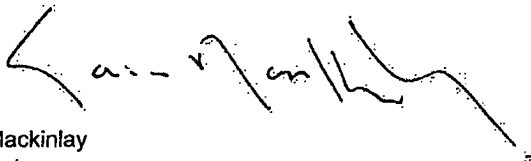
All items relate to continuing operations.



**STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2014**  
**Company number - 08493217**

	Notes	2014 £
<b>Current assets</b>		
Work in progress	9	18,117,094
Cash and cash equivalents		7,271,873
Investments	10	<u>48,215,773</u>
		73,604,740
<b>Creditors: amounts falling due within one year</b>	11	<u>(8,427,079)</u>
<b>Net current assets</b>		65,177,660
<b>Total assets less current liabilities</b>		<u>65,177,660</u>
<b>Creditors: amounts falling due after more than one year</b>		
Due after more than one year	12	<u>(67,719,090)</u>
<b>Net assets</b>		<u>(2,541,430)</u>
<b>Capital and reserves</b>		
Called up share capital	14	50,000
Profit and loss account	15	<u>(2,591,430)</u>
		<u>(2,541,430)</u>

These financial statements were approved by the directors and authorised for issue on and signed on their behalf by:



G Mackinlay  
Director

16/12/14

## STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 SEPTEMBER 2014

	Called-up share capital £	Profit and loss account £	Total £
At 17 April 2013	-	-	-
Shares issued on incorporation	1	-	1
Loss for the year	-	(2,591,430)	(2,591,430)
Issue of shares	49,999	-	49,999
At 30 September 2014	50,000	(2,591,430)	(2,541,430)

Notes to the financial statements for the period ended 30 September 2014

**1 Company Information**

S4B Limited is a UK registered Company with a registered office of 48 Gresham Street, London, England, EC2V 7AY.

The principal activity of the Company is the construction and refurbishment of housing in the Manchester area under contract with Manchester City Council.

**2 Basis of preparation**

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

The financial statements are presented in Sterling (£).

**Going concern**

The Directors have considered the stability of financial counterparties to this project during the construction phase and have concluded that all financial counterparties have the ability to meet all contractual obligations associated to the senior lending facilities.

The Directors have also considered the ability of government authorities to continue to pay unitary fees due to the Company and do not consider this to be a material risk.

The Company's forecasts and projections, taking into account of reasonably possible changes in counterparty performance, show that the Company expects to be able to operate within the level of its current facilities and continue to meet forecast bond covenants.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

**3 Principal accounting policies**

**3.1 Creditors**

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**3.2 Taxation**

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only 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.

If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is recognised when income or expenses from a subsidiary or associate have been recognised, and will be assessed for tax in a future period, except where:

- the company is able to control the reversal of the timing difference; and
- it is probable that the timing difference will not reverse in the foreseeable future.

A deferred tax liability or asset is recognised for the additional tax that will be paid or avoided in respect of assets and liabilities that are recognised in a business combination. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

With the exception of changes arising on the initial recognition of a business combination, the tax expense (income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income).

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if:

- the company has a legally enforceable right to set off current tax assets against current tax liabilities, and
- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

## Notes to the financial statements for the period ended 30 September 2014

**3.3 Turnover**

Turnover is measured at the fair value of the consideration received or receivable and represents the following:

- the value of construction work-in-progress as construction progresses;
- revenues from the provision of facilities management services; and
- non-core facility recharges being recovered for ad hoc services delivered at the request of the client.

All amounts arose entirely in the UK and are shown net of any sales tax.

**3.4 Foreign currency translation****Functional currency and presentation currency**

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position are presented in Sterling (£).

Exchange differences are recognised in profit or loss in the period in which they arise. However, in the consolidated financial statements exchange differences arising on monetary items that form part of the net investment in a foreign operation are recognised in other comprehensive income and are not reclassified to profit or loss.

**3.5 Work in progress**

During the construction and refurbishment phase of the project, construction costs and refurbishment costs are included in the company's balance sheet as work in progress. Work in progress is valued at lower of cost and estimated net realisable value.

The recorded costs comprise directly attributable costs incurred during the period on the construction and refurbishment of the housing project including construction costs and associated legal and professional fee and insurance.

**3.6 Loan notes**

Bonds are recorded at the proceeds received, net of direct issue costs. Finance charges including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the profit and loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

**3.7 Investments**

Current asset investments are stated at cost less provision for impairment. The main element of the investment is a guaranteed investment contract which guarantees repayment of principal on a fixed interest rate for a predetermined period of time.

**3.8 Cash and cash equivalent**

Cash and cash equivalents includes cash in hand and bank deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

## Notes to the financial statements for the period ended 30 September 2014

**4 Turnover**

Period ended  
30 September  
2014  
£

Turnover for the period is analysed as follows:

Service income	1,680,654
Construction turnover	21,491,097
Other income	581,998
	<u>23,753,749</u>

**5 Operating profit**

Period ended  
30 September  
2014  
£

The profit on ordinary activities before taxation is stated after:  
Auditor's remuneration

- fees payable to the Company's auditor for the audit of the Company's annual accounts	6,000
- fees payable to the Company's auditor for other services to the Company	-
	<u>6,000</u>

**6 Directors and employees**

Period ended  
30 September  
2014  
£

The average number of employees of the group during the year was:

Sales and trading  
Processing and administration

No Directors received any remuneration for their services to the Company (2013: none) ; the Company is managed by secondees from a related party to the shareholders under a management services contract.

**7 Tax on loss of ordinary activities**

Period ended  
30 September  
2014  
£

Taxation is based on the loss for the year and comprises of:  
UK corporation tax at a rate of 23.25% of taxable profit  
- Current year

*Factors affecting the tax charge for the current period*

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax are as follows:

Loss on ordinary activities before tax	(2,591,430)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23.25%.	(602,507)

**Effects of:**

Losses not utilised	602,507
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**Total current tax charge for the year**

A deferred tax asset of £518,286 has not been recognised due to the uncertainty in respect to future profits.

## Notes to the financial statements for the period ended 30 September 2014

8	<b>Dividends</b>	<b>Period ended 30 September 2014 £</b>
	Paid during the year	<u>-</u>
	Declared post year end	<u>-</u>
9	<b>Work In progress</b>	<b>Period ended 30 September 2014 £</b>
	Work In progress	<u>18,117,094</u> <b>18,117,094</b>
10	<b>Investments</b>	
	Included in Investments is an amount of £48,215,773 on deposit as a guaranteed investment contract whereby predetermined amounts are released to fund the project	
11	<b>Creditors: amounts falling due within one year</b>	<b>Period ended 30 September 2014 £</b>
	Trade creditors	1,469,366
	Intercompany	5,414,408
	VAT Creditor	18,203
	Accruals	<u>1,525,103</u>
		<u>8,427,079</u>
12	<b>Creditors: amounts falling due after more than one year</b>	<b>Period ended 30 September 2014 £</b>
	Intercompany Bonds held in S4B (Issuer) PLC	65,058,156
	Other Creditors	<u>2,660,934</u>
		<u>67,719,090</u>
	Other Creditors include the Unitary Charge and Retention balance that will be wound down over the life of the project.	
	Bonds are repayable as follows:	
	Within one year	5,414,454
	Between one to two years	4,379,023
	Between two to five years	8,187,070
	More than five years	<u>52,915,510</u>
		<u>70,896,057</u>
13	<b>Financial assets and liabilities</b>	
	The carrying amounts of financial assets and financial liabilities in each category are as follows:	
	<b>30 September 2014</b>	
	<b>Financial Assets measured at amortised cost</b>	<b>Total</b>
	Guaranteed investment contract	48,215,773
		<u>48,215,773</u>
14	<b>Called up share capital</b>	<b>Period ended 30 September 2014 £</b>
	Authorised, allotted and fully paid:	
	50,000 ordinary shares of £1 each	50,000
	<b>Ordinary shares</b>	<b>Period ended 30 September 2014 Number</b>
	At 17 April 2013	1
	Share Issue	<u>49,999</u>
	At 30 September 2014	<u>50,000</u>
	Consideration received for the allotment of ordinary shares during the year was £50,000.	

**Notes to the financial statements for the period ended 30 September 2014**

**15 MOVEMENT IN RESERVES**

	<b>Profit and loss account £</b>
At 17 April 2013	-
Loss for the year	<b>(2,591,430)</b>
<b>At 30 September 2014</b>	<b><u>(2,591,430)</u></b>

**16 TRANSACTIONS WITH DIRECTOR AND OTHER RELATED PARTIES**

The company has taken advantage of the exemption in Financial Reporting Standard 102 and has not disclosed transactions with group undertakings as those transactions are eliminated in the consolidated account.

**17 ULTIMATE PARENT COMPANY**

The immediate parent undertaking is S4B Holdings Limited which is the parent undertaking of the smallest group to consolidate these financial statements. The ultimate parent company is Equitix II LP which has a registered office of Welken House, 10-11 Charterhouse Square, London, EC1M 6EH.