

Registered number: 08493217

# **S4B LIMITED**

## **ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

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**S4B LIMITED**

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**COMPANY INFORMATION**

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**Directors**

Joanne Stonehouse Fyfe  
Paul Ellis Gill  
Matthew Saye  
James Warrington

**Company secretary**

Emma Margaret Clarke

**Registered number**

08493217

**Registered office**

3rd Floor  
Suite 6c Sevendale House  
5-7 Dale Street  
Manchester  
M1 1JB

**Independent auditor**

UHY Hacker Young LLP  
4 Thomas More Square  
London  
E1W 1YW

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**S4B LIMITED**

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## **S4B LIMITED**

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### **STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2023**

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#### **Introduction**

The Directors submit their annual Strategic report, the Directors' report and the audited financial statements for the year ended 31 March 2023.

#### **Review of the period**

The Company operated the Brunswick Housing project in Manchester during the year.

The Company received funding from its fellow subsidiary, S4B (Issuer) Plc, through guaranteed secured bonds at 4.926 percent which are loaned on.

#### **Principal risks and uncertainties**

The key principal risks and uncertainties to the Company are as follows:

##### **Inflation rate risk**

Costs are subject to changes in inflation and a portion of the income has been indexed linked to mitigate this risk sufficiently to ensure a return that is commensurate with the risk it incurs.

##### **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. Future receipts are scheduled in the project agreements. Future receipts are known subject to indexation changes.

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

The Company has entered into fixed interest rate loans to minimise risk from movement in base interest rates.

#### **Results and dividends**

The loss after taxation for the year amounted to £122,898 (2022: £720,614). No dividends were paid or declared during the year or the preceding year.

#### **Business review**

The business review discusses the following areas:

##### **Operations**

The Company is contracted by Manchester City Council to construct, refurbish and provide maintained property for the contract period for 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 period that were not passed down to the facilities management sub-contractor. The Company has subcontracted the new build construction to Galliford Try Partnerships and the housing management of the project to Onward Homes Limited.

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## S4B LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

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#### Performance

The Company loss for the year before taxation was £122,898 (2022: £720,614).

The financial position of the Company is presented in the Statement of Financial Position. The Company had net liabilities of £12,140,773 (2022: £12,017,875) and cash of £8,074,589 (2022: £6,349,508) as at 31 March 2023.

#### 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 31 March 2023 were equivalent to 71 days' (2022: 3 days') purchases, based on the average daily amount invoiced by suppliers during the period.

#### Key performance indicators

The Directors consider revenue, operating profit, profit before tax and profit after tax and achievement of milestones under the Private Finance Initiative (PFI)/ Public-Private Partnership (PPP) concessions to be the key performance indicators of the Company. Through the contractual agreements in place, the special purpose vehicle (SPV) has to achieve various milestones during the year, in regards to financial reporting to lenders and requirements such as model submissions. The contractual milestones regarding model submissions have not been achieved, however the Directors are in close discussions with the lenders. The Directors consider the project to be performing satisfactorily, as the project was forecasted to make a loss for the foreseeable future.

#### Section 172 Statement

The Directors have a duty to promote the success of the Company for the benefit of the shareholders as a whole and to describe how this duty has been performed with regard to those matters set out in section 172 of the Companies Act 2006 ("section 172").

The Directors insist on high operating standards and fiscal discipline and routinely engage with management and various stakeholders of the Company to understand the underlying issues within the organisation. Additionally, the Board looks outside the organisation at macro factors affecting the business. The Directors consider all known facts when developing strategic decisions and long-term plans, taking into account their likely consequences for the Company.

The Company is a Special Purpose Company that has been established to enter into a Private Finance Initiative ("PFI") contract with Manchester City Council. The main stakeholders of the Company are therefore the shareholders, Manchester City Council, service providers and debt providers including the bond guarantors and trustees.

Open communication is maintained with its shareholders and debt providers on an on-going basis and as questions arise.

A General Manager is appointed to deal with communications with the Authority, which are held formally on a regular basis and as well as ad hoc meetings when required to discuss any issues or additional requirements of the social housing which may include major maintenance and variations. The General Manager also communicates with the subcontractors through monthly operational meetings.

The Board are regularly kept updated of the relationships with all stakeholders, the performance of the PFI project and the KPI achievement as stated in the project agreement at the quarterly Board meetings and deal with any issues promptly.

Interactions for the appointment of the Company's auditors, lawyers etc. are dealt with at Board level and reviewed at quarterly Board meetings.

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**S4B LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2023**

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The Directors are committed to positive involvement in the local communities where we operate. Additionally, the Company strictly follows environmental regulations at each of the PFI social housing sites and supports sustainability practices where possible.

Integrity is a key tenet for the Company's Directors. The Directors believe that any partnership must benefit all parties. We strive to provide our stakeholders with timely and informative responses and are always striving to meet or exceed customers' needs.

The Board recognises its responsibility for promoting the long-term success of the Company for the benefit of its members and stakeholders as a whole through the achievement of milestones under the PFI concession.

The Directors have not taken any significant decisions in the period relevant to the Company and therefore there is no impact on key stakeholder groups.

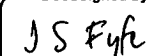
**Future developments**

The Directors of the Company consider there to be a risk that the principal activity of the Company could cease, should the bond issued by the group company S4B (Issuer) plc be recalled by the lender due to the dissolution of S4B (Issuer) plc. The Directors have taken appropriate action to mitigate this risk; as at the date of signing, S4B (Issuer) plc has been restored onto the register however the event of default still exists.

The Directors acknowledge the risk and associated uncertainty, but are of the opinion that the Company will continue its principal activity with no interruption.

This report was approved by the board and signed on its behalf.

DocuSigned by:



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**Joanne Stonehouse Fyfe**  
Director

Date: 21-Nov-2023 | 9:41 AM GMT

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## **S4B LIMITED**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2023**

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The Directors present their report and the audited financial statements for the year ended 31 March 2023.

#### **Principal activity**

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

#### **Directors**

The Directors who served during the year were:

Joanne Stonehouse Fyfe  
Mike Gerrard (resigned 31 October 2023)  
Paul Ellis Gill  
Matthew Saye  
James Warrington

Directors of S4B Limited have qualifying third party indemnity provisions put in place through other companies of which they are also directors.

#### **Principal risks and uncertainties**

##### **Financial risk review**

The Company manages Retail Price Index (RPI) risk 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 by having suitable financial termination provisions in the project agreements 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 Bonds listed on the Irish Stock Exchange. Bonds issued by S4B (Issuer) Plc consist of £73,525,000 guaranteed secured bonds at 4.926 percent due 30 September 2037. The main purpose of these Bonds is to fund S4B Limited in the construction, refurbishment and management of a housing project in Manchester. As at the 31 March 2023 £43,194,467 (2022: £45,512,710) of the bond facility is outstanding. As noted in the Going concern section below, there is a risk that the bond may be recalled by the lender, which would impact the financing in place within the Company.

The Company's principal risks are interest rate risk, liquidity risk and credit risk. 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.

##### **Inflation risk**

Exposure to RPI movements are mitigated by the RPI linked increases in income.

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

The Company has entered into fixed interest rate loans to minimise risk from movement in base interest rates.

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## **S4B LIMITED**

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### **DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023**

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#### **Liquidity risk**

The use of the financial model manages 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 and debtors 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.

#### **Future developments**

The Directors of the Company consider there to be a risk that the principal activity of the Company could cease, should the bond issued by the group company S4B (Issuer) plc be recalled by the lender due to the dissolution of S4B (Issuer) plc. The Directors have taken appropriate action to mitigate this risk; as at the date of signing, S4B (Issuer) plc has been restored onto the register however the event of default still exists.

The Directors acknowledge the risk and associated uncertainty, but are of the opinion that the Company will continue its principal activity with no interruption.

#### **Going concern**

The Directors have considered the stability of financial counterparties to this project during the operational 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 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.

The Directors note that the Company has a net liabilities position as at the year end of £12,140,773 (2022: £12,017,875); however, the Company has net current assets due in less than one year of £1,992,090 (2022: £3,531,730). The Directors have considered the cash flow forecasts and consider it appropriate to continue to adopt the going concern basis.

Subsequent to the year end, S4B (Issuer) plc, a group company by way of common ownership, and the provider of an intercompany loan, to the Company was dissolved due to an administration oversight. As at the year end, the balance due on this loan was £43,194,467. As a result of the dissolution, the bond held by S4B (Issuer) plc, and used to finance the Company, as an intercompany loan, is in an event of default and therefore there is a risk that the bond may be recalled by the lender, which would impact the financing in place within the Company, due to the debenture being secured at parent company level (S4B (Holdings) Ltd). As at the date of signing, S4B (Issuer) plc has been restored onto the register however the event of default still exists.



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**S4B LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2023**

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**Going concern (continued)**

The event of default indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

Despite the above and carefully considering the position of the Company the Directors have prepared these financial statements on the going concern basis.

**Post balance sheet events**

Subsequent to the year end, S4B (Issuer) plc, a group company by way of common ownership, and the provider of an intercompany loan, to the Company was dissolved due to an administration oversight. As a result of the dissolution, the bond held by S4B (Issuer) plc, and used to finance the Company, as an intercompany loan, is in an event of default and therefore there is a risk that the bond may be recalled by the lender, which would impact the financing in place within the Company, due to the debenture being secured at parent company level (S4B (Holdings) Ltd). As at the date of signing, S4B (Issuer) plc has been restored onto the register however the event of default still exists.

The shares currently held by Galliford Try Investments Limited are to be novated in full to Vistry Partnerships Limited upon approval of the transfer by all other shareholders, Assured Guaranty (as lender) and Manchester City Council. As of the date of signing, this transfer had not been completed, and is anticipated to be completed by the end of 2023.

**Auditor**

The auditor, UHY Hacker Young LLP, will be proposed for appointment in accordance with section 485 of the Companies Act 2006.

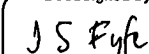
**Disclosure of information to auditor**

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

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- each Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This report was approved by the board and signed on its behalf.

DocuSigned by:



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**Joanne Stonehouse Fyfe**  
Director

Date: 21-Nov-2023 | 9:41 AM GMT

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**S4B LIMITED**

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**DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2023**

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The Directors are responsible for preparing the Strategic Report, the Directors' Report and the audited financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare audited financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these audited financial statements, the Directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF S4B LIMITED****Opinion**

We have audited the financial statements of S4B Limited (the 'company') for the year ended 31 March 2023, which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards including FRS 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 2023 and of its loss 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.

**Material uncertainty related to going concern**

We draw your attention to note 1.2 and note 15 to the financial statements, on 9 May 2023 S4B (Issuer) plc, a fellow group company, who provides the finance to S4B Limited, was accidentally struck off the Companies register, and as a result, in accordance with the bond trust deed, there is an event of default on the bond. Consequentially, this resulted in the bond listing being suspended on Euronext Dublin. The lenders have reserved the right to recall the bond which could significantly impact the financing of the company. At the date of signing, S4B (Issuer) plc has been restored onto the register and the bond has been re-instated on Euronext Dublin, however the event of default on the bond still exists. We are aware the directors are considering all potential implications of the circumstances and through discussions with the lenders are making contingency plans to secure the bond.

As stated in note 1.2 and note 15, this event indicates that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

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.

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

**Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)  
TO THE MEMBERS OF S4B LIMITED**

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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report 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 or the directors' report.

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 the 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.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**  
**TO THE MEMBERS OF S4B LIMITED**

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Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the sector; and
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation and data protection, anti-bribery, and health and safety legislation.
- we assessed the susceptibility of the financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:
- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested a sample of journal entries to identify unusual transactions; and
- assessed whether judgements and assumptions made in determining the accounting estimates and the forecasts provided were indicative of potential bias.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance; and
- enquiring of management and legal counsel as to actual and potential litigation and claims.

There are inherent limitations in the audit procedures described above; any instance of non-compliance with laws and regulations and fraud which is far removed from transactions reflected in the financial statements would diminish the likelihood of detection. Furthermore, the risk of not detecting a material misstatement due to fraud is greater than the risk of not detecting one resulting from error. Fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentation, or through an act of collusion that would mitigate internal controls.

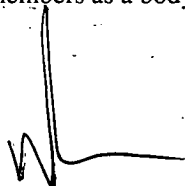
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)  
TO THE MEMBERS OF S4B LIMITED**

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**Use of our report**

This report is made solely to the Company's members, as a body, in accordance with part 3 of Chapter 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.



**Marc Waterman (Senior Statutory Auditor)**  
**For and on behalf of UHY Hacker Young**

**Chartered Accountants**  
**Statutory Auditor**

21 November 2023

Quadrant House  
4 Thomas More Square  
London  
E1W 1YW

**S4B LIMITED****STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2023**

	Note	2023 £	2022 £
Turnover	3	4,438,242	3,927,247
Cost of sales		(1,353,433)	(1,613,057)
<b>Gross profit</b>		<b>3,084,809</b>	<b>2,314,190</b>
Administrative expenses		(2,689,376)	(2,586,667)
<b>Operating profit/(loss)</b>		<b>395,433</b>	<b>(272,477)</b>
Interest receivable and similar income	6	3,177,963	3,280,662
Interest payable and similar expenses	7	(3,696,294)	(3,728,799)
<b>Loss before tax</b>		<b>(122,898)</b>	<b>(720,614)</b>
<b>Loss for the financial year</b>		<b>(122,898)</b>	<b>(720,614)</b>
<b>Other comprehensive income for the year</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive loss for the year</b>		<b>(122,898)</b>	<b>(720,614)</b>

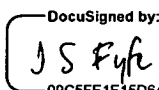
The notes on pages 15 to 25 form part of these financial statements.

**S4B LIMITED**  
**REGISTERED NUMBER: 08493217**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2023**

	Note	2023 £	2022 £
<b>Current assets</b>			
Debtors: amounts falling due after more than one year	9	51,242,275	53,182,410
Debtors: amounts falling due within one year	9	2,312,358	3,859,772
Bank and cash balances		8,074,589	6,349,508
		<u>61,629,222</u>	<u>63,391,690</u>
Creditors: amounts falling due within one year	10	(8,394,857)	(6,677,550)
<b>Net current assets</b>		<u>53,234,365</u>	<u>56,714,140</u>
<b>Total assets less current liabilities</b>		<u>53,234,365</u>	<u>56,714,140</u>
Creditors: amounts falling due after more than one year	11	(65,375,138)	(68,732,015)
<b>Net liabilities</b>		<u>(12,140,773)</u>	<u>(12,017,875)</u>
<b>Capital and reserves</b>			
Called up share capital	12	50,000	50,000
Profit and loss account	13	(12,190,773)	(12,067,875)
		<u>(12,140,773)</u>	<u>(12,017,875)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

DocuSigned by:  
  
 09C5FE1E15D64E0.....  
**Joanne Stonehouse Fyfe**  
 Director

Date: 21-Nov-2023 | 9:41 AM GMT

The notes on pages 15 to 25 form part of these financial statements.



**S4B LIMITED****STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2023**

	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	£	£	£
At 1 April 2022	50,000	(12,067,875)	(12,017,875)
<b>Comprehensive loss for the year</b>			
Loss for the year	-	(122,898)	(122,898)
<b>Total comprehensive loss for the year</b>	-	(122,898)	(122,898)
<b>Total transactions with owners</b>	-	-	-
<b>At 31 March 2023</b>	<b>50,000</b>	<b>(12,190,773)</b>	<b>(12,140,773)</b>

The notes on pages 15 to 25 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2022**

	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	£	£	£
At 1 April 2021	50,000	(11,347,261)	(11,297,261)
<b>Comprehensive loss for the year</b>			
Loss for the year	-	(720,614)	(720,614)
<b>Total comprehensive loss for the year</b>	-	(720,614)	(720,614)
<b>Total transactions with owners</b>	-	-	-
<b>At 31 March 2022</b>	<b>50,000</b>	<b>(12,067,875)</b>	<b>(12,017,875)</b>

The notes on pages 15 to 25 form part of these financial statements.

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**S4B LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023**

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**1. Accounting policies**

**1.1 Basis of preparation of financial statements**

S4B Limited is a private limited company incorporated and domiciled in the UK (England & Wales). 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.

The financial statements are presented in Sterling (£).

The Company has taken the following disclosure exemptions as they are included in the financial statements of S4B (Holdings) Limited which are publicly available at Companies House:

- The requirement to present a statement of cash flows and related note, as required by Section 7 Statement of Cash Flows.

**1.2 Going concern**

The Directors have considered the stability of financial counterparties to this project during the operational 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 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.

The Directors note that the Company has a net liabilities position as at the year end of £12,140,773 (2022: £12,017,875); however, the Company has net current assets due in less than one year of £1,992,090 (2022: £3,531,730). The Directors have considered the cash flow forecasts and consider it appropriate to continue to adopt the going concern basis.

Subsequent to the year end, S4B (Issuer) plc, a group company by way of common ownership, and the provider of an intercompany loan, to the Company was dissolved due to an administration oversight. As at the year end, the balance due on this loan was £43,194,467. As a result of the dissolution, the bond held by S4B (Issuer) plc, and used to finance the Company, as an intercompany loan, is in an event of default and therefore there is a risk that the bond may be recalled by the lender, which would impact the financing in place within the Company, due to the debenture being secured at parent company level (S4B (Holdings) Ltd). As at the date of signing, S4B (Issuer) plc has been restored onto the register however the event of default still exists.

The event of default indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

Despite the above and carefully considering the position of the Company the Directors have prepared these financial statements on the going concern basis.

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**S4B LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023**

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**1. Accounting policies (continued)****1.3 Creditors**

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

Bonds loaned by group companies 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.

**1.4 Current and deferred taxation**

Current tax is recognised for the amount of 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 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.

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.

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**S4B LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023**

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**1. Accounting policies (continued)**

**1.5 Revenue**

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 exclusive of VAT. The Company only has one segment and so no further analysis has been provided.

**1.6 Cash and cash equivalents**

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.

**1.7 Financial asset**

The financial asset model applies when the operator has an unconditional right to receive cash or another financial asset from the grantor.

In the case of concession service, the operator has such an unconditional right if the grantor contractually guarantees the payment of:

- Amounts specified or determined in the contract; or
- The shortfall, if any, between amounts received from users of the public service and amounts specified or determined in the contract.

Financial assets resulting from the application of section 34 of FRS 102 are recorded in the statement of financial position under the heading financial assets and measured at amortised cost.

Pursuant to section 23 of FRS102, revenue associated with the financial asset comprises service income related to facilities management, lifecycle maintenance and other administrative running costs of the Company.

The Company meets this requirement through the project agreement with Manchester City Council.

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**S4B LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023**

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**1. Accounting policies (continued)****1.8 Financial instruments**

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**1.9 Foreign currency translation****Functional and presentation currency**

The individual financial statements of the Company are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the 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.

**1.10 Interest receivable and payable**

Interest receivable and payable is recognised in the profit and loss account in the period in which it arises on effective interest basis.

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**S4B LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023**


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**1. Accounting policies (continued)****1.11 Borrowing costs**

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

**2. Judgements in applying accounting policies and key sources of estimation uncertainty**

The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial year are as follows:

**Key sources of estimation uncertainty**

**Financial Asset Interest Rate** - The financial asset interest income is based on the weighted average cost of capital of the project and is applied to the carrying value of the Financial Asset on a monthly basis. The interest rate used for the financial year ended 31 March 2023 is 6.00% per annum (2022: 6.00%).

**Construction Margin** – revenue on construction is recognised at cost plus 0.00% (2022: 0.00%) as profitability is considered to be negligible with no interim services provided during construction and the risk fully passed down to the building contractor.

**Service Margin** - After the assets are constructed, the Company provides property management services. The remuneration for these services is recognised at cost plus an estimated mark up for profit on property management services. The service margin rate used for the financial year ended 31 March 2023 is 24.688% per annum (2022: 20.565%).

**3. Analysis of turnover**

An analysis of turnover by class of business is as follows:

	2023 £	2022 £
Service income	3,843,803	2,393,963
Construction turnover	164,746	85,336
Other income	429,693	1,447,948
	<u>4,438,242</u>	<u>3,927,247</u>

All turnover arose within the United Kingdom.

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**S4B LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023**


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**4. Auditor's remuneration**

During the year, the Company obtained the following services from the Company's auditor:

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Fees payable to the Company's auditor for the audit of the Company's financial statements	<b>26,875</b>	<b>25,000</b>

The current auditor is not engaged to provide tax compliance services.

**5. Employees**

The Company had no employees during the year (2022: none).

No Directors received any remuneration for their services to the Company (2022: none); the Company is managed by secondees from a related party to the shareholders under a management services contract.

**6. Interest receivable and similar income**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Service concession interest receivable	<b>3,177,963</b>	<b>3,280,662</b>
	<b><u>3,177,963</u></b>	<b><u>3,280,662</u></b>

**7. Interest payable and similar expenses**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Group interest payable - S4B Issuer Plc loan	<b>2,327,447</b>	<b>2,450,569</b>
Group interest payable - S4B (Holdings) Limited loan	<b>1,368,847</b>	<b>1,278,230</b>
	<b><u>3,696,294</u></b>	<b><u>3,728,799</u></b>

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**S4B LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023**


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**8. Taxation**

	2023 £	2022 £
	<u>          </u>	<u>          </u>
<b>Total current tax</b>	<u>          </u>	<u>          </u>

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2022 - *higher than*) the standard rate of corporation tax in the UK of 19% (2022 - 19%). The differences are explained below:

	2023 £	2022 £
Loss on ordinary activities before tax	<u>(122,898)</u>	<u>(720,614)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2022 - 19%)	<u>(23,351)</u>	<u>(136,917)</u>
Expenses not deductible for tax purposes	-	70,680
Movement in deferred tax not recognised	<u>23,351</u>	<u>66,237</u>
<b>Total tax charge for the year</b>	<u>          </u>	<u>          </u>

The Company has £11,705,884 (2022: £11,582,987) of losses available to carry forward, representing an unprovided deferred tax asset of £2,926,471 (2022: £2,895,747) at the reporting date using a rate of 25%, due to the uncertainty in respect to future profits.

**Factors that may affect future tax charges**

An increase to the rate of corporation tax to 25% (effective from 1 April 2023) was announced in the Budget on 4 March 2021. The change has been substantively enacted at the date of signing and will increase the Company's future tax charge accordingly.



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**S4B LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023**


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**9. Debtors**

	2023 £	2022 £
<b>Due after more than one year</b>		
Service concession financial asset	51,242,275	53,182,410
	<u>51,242,275</u>	<u>53,182,410</u>
<b>Due within one year</b>		
Trade debtors	7,868	935,142
Other debtors	31	-
Service concession financial asset	2,099,902	1,972,359
Prepayments and accrued income	204,557	952,271
	<u>2,312,358</u>	<u>3,859,772</u>

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

	2023 £	2022 £
Trade creditors	264,801	12,004
Amounts owed to group undertakings	4,849,378	2,297,278
Other taxation and social security	327,465	309,774
Accruals and deferred income	2,953,213	4,058,494
	<u>8,394,857</u>	<u>6,677,550</u>

**S4B LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023****11. Creditors: Amounts falling due after more than one year**

	2023 £	2022 £
Amounts owed to group undertakings	50,978,273	54,458,805
Other creditors	477,767	473,033
Accruals and deferred income	13,919,098	13,800,177
	<u>65,375,138</u>	<u>68,732,015</u>

**Amounts owed to group undertakings**

The Bonds are issued and listed on Euronext Dublin by S4B (Issuer) Plc and loaned on to the Company on the same terms. Bonds issued consist of £73,525,000 guaranteed secured bonds at 4.926 per cent due 30 September 2037. As at 31 March 2023 £43,194,467 (2022: £45,512,710) of the bond facility is outstanding. The deferred consideration payments are guaranteed by a third party. As at 31 March 2023 there are unamortised debt issue costs totaling £306,031 (2022: £326,996) which are netted off the bonds.

As per the Bond Trust Deed, a fixed and floating charge debenture has been granted by S4B (Holdings) Limited in favour of the Security Trustee (the "HoldCo Debenture"). S4B (Holdings) Limited, the parent of S4B Issuer Limited, has entered into a HoldCo Debenture with BNY Mellon Corporate Trustee Services Limited, whom are acting as Security Trustees. S4B (Holdings) Limited has taken on the security and liability of the Bond through Cross guarantee arrangements as S4B Issuer PLC does not have the collateral required to guarantee the bond.

S4B (Holdings) Ltd has provided a shareholder loan to the Company, at an interest rate of 11.5% per annum, repayable on a cash available basis due 31 March 2038. As of the year end £12,939,215 (2022: £11,570,368) was outstanding.

**Amount in respect of the bond loaned from S4B Issuer Plc**

	2023 £	2022 £
<b>Debt can be analysed as falling due (repayable by installments)</b>		
Within one year	2,251,272	2,318,243
Between one and two years	2,130,597	2,251,272
Between two and five years	5,370,042	5,799,819
More than five years	33,442,556	35,143,376
Less unamortised finance cost	(306,031)	(326,996)
	<u>42,888,436</u>	<u>45,185,714</u>

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**S4B LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023**


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**11. Creditors: Amounts falling due after more than one year (continued)****Amounts in respect of the subordinated debt loaned from S4B (Holdings) Limited**

	2023 £	2022 £
<b>Debt can be analysed as falling due (repayable by installments)</b>		
Within one year	2,619,129	-
Between one and two years	1,190,481	1,183,532
Between two and five years	2,570,797	3,129,850
More than five years	6,558,808	7,256,986
	<u>12,939,215</u>	<u>11,570,368</u>

**12. Share capital**

	2023 £	2022 £
<b>Allotted, called up and fully paid</b>		
50,000 (2022: 50,000) Ordinary shares of £1.00 each	<u>50,000</u>	<u>50,000</u>

**13. Reserves****Profit and loss account**

The profit and loss account includes all current and prior period retained profits and losses.

**14. Transactions with directors and other related parties**

Equitix Fund II LP is a related party as it owns 77.50% of the S4B (Holdings) Limited share capital, Onward Homes Limited has a 15% share holding and Galliford Try Investments Limited 7.5%.

During the year the Company incurred £1,049,668 (2022: £1,459,360) of costs due to Galliford Try Construction (UK) Limited, a related party by being of the same group as Galliford Try Investments Limited which owns 7.50% of the S4B (Holdings) Limited share capital. £Nil creditor accruals balance (2022: £883,002 creditor accruals) was outstanding at the year end 31 March 2023.

During the year the Company incurred £1,367,843 (2022: £1,011,220) of housing management costs due to Onward Homes Limited, a related party by owning 15% of the S4B (Holdings) Limited share capital. At year end 31 March 2023 the amounts outstanding were £86,368 in creditor accruals and £109,560 (2022: £Nil).

During the year the Company incurred £199,149 (2022: £235,899) of SPV management costs due to Equitix Management Services, a related party by being a sister company of Equitix Limited. As at the balance sheet date amounts outstanding were £40,406 (2022: £Nil).

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**S4B LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023**

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**15. Post balance sheet events**

Subsequent to the year end, S4B (Issuer) plc, a group company by way of common ownership, and the provider of an intercompany loan, to the Company was dissolved due to an administration oversight. As a result of the dissolution, the bond held by S4B (Issuer) plc, and used to finance the Company, as an intercompany loan, is in an event of default and therefore there is a risk that the bond may be recalled by the lender, which would impact the financing in place within the Company, due to the debenture being secured at parent company level (S4B (Holdings) Ltd). As at the date of signing, S4B (Issuer) plc has been restored onto the register however the event of default still exists. More details can be found in note 1.2.

The shares currently held by Galliford Try Investments Limited are to be novated in full to Vistry Partnerships Limited upon approval of the transfer by all other shareholders, Assured Guaranty (as lender) and Manchester City Council. As of the date of signing, this transfer had not been completed, and is anticipated to be completed by the end of 2023.

**16. Controlling party**

The immediate parent undertaking is S4B (Holdings) Limited which is the parent undertaking of the smallest group to consolidate the financial statements. Copies of consolidated accounts of the Group are available at Companies House. The ultimate parent company and controlling party is Equitix Fund II LP which has a registered office of 3rd Floor (South), 200 Aldersgate Street, London, EC1A 4HD.