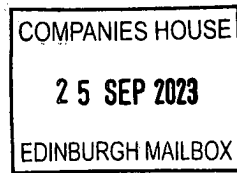


REGISTERED NUMBER: SC291481 (Scotland)



**Group Strategic Report, Directors' Report and
Audited Consolidated Financial Statements for the Year Ended 31 March 2023
for
Addiewell Prison (Holdings) Ltd**



Addiewell Prison (Holdings) Ltd (Registered number: SC291481)

**Contents of the Consolidated Financial Statements
for the year ended 31 March 2023**

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Addiewell Prison (Holdings) Ltd

**Company Information
for the year ended 31 March 2023**

Directors:

S A Carter
J C Heath
J N E Cowdell
G Martina

Secretary:

A Mitchell

Registered office:

C/O Sodexo Remote Sites Limited
4th Floor, Exchange No.1
62 Market Street
Aberdeen
AB11 5PJ

Registered number:

SC291481 (Scotland)

Independent auditor:

Johnston Carmichael LLP
7-11 Melville Street
Edinburgh
EH3 7PE

Addiewell Prison (Holdings) Ltd (Registered number: SC291481)

Group Strategic Report for the year ended 31 March 2023

The Group (being Addiewell Prison (Holdings) Ltd and Addiewell Prison Ltd) is a Private Finance Initiative ("PFI") vehicle whose purpose is to design, construct, finance and manage HMP Addiewell. It has a 25 year operational contract with the Scottish Prison Service ("SPS"), due to complete in December 2033. The directors do not expect any change in the nature of the Group's business in the immediate future.

In the year Addiewell Prison (Holdings) Ltd (the "Group") made a profit of £235,000 (2022: £1,695,000) and closed the year with net assets of £6,220,000 (2022: £2,325,000).

The Group's operations are managed under the supervision of its shareholders and funders and are monitored by key performance indicators in the PFI contract with the SPS and the subcontract with Sodexo Limited who supply the facilities maintenance services throughout the life of the concession. These key performance indicators are in place to monitor certain operational functions and failure to meet minimum targets result in financial penalties, which are ultimately payable by Sodexo Limited.

The PFI contract and subcontracts with SPS and Sodexo Limited are fixed for the life of the contract and this enables the Group to have certainty over its income and major expenses until 2033. Furthermore, the Subsidiary (Addiewell Prison Ltd) has a Credit Agreement with its lender which fixes the level of borrowing and repayments due until the loan is fully repaid in 2032. Its main exposure is to financial risks as detailed in the following section.

Principal risks and uncertainties

The Group's principal activity as detailed above is risk free as its trading relationships with its customer, funders and sub-contractors are determined by the terms of their respective detailed PFI contracts with the Subsidiary.

Deductions in the year of £1,970,000 (2022: £1,414,000) passed through the Subsidiary from Sodexo Ltd to SPS. Performance points are assessed and agreed quarterly with SPS and the facilities maintenance provider.

Financial risk management

The Group has exposure to a variety of financial risks which are managed with the purpose of minimising any potentially 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 Group hedged its interest rate risk at the inception of the project by swapping its variable rate debt into fixed rate by the use of an interest rate swap.

Inflation risk

The Group's project revenue and most of its costs were linked to inflation at the inception of the project, resulting in the project being largely insensitive to inflation.

Liquidity risk

The Group adopts a prudent approach to liquidity management by maintaining sufficient cash and liquid resources to meet its obligations. Due to the nature of the project cash flows are reasonably predictable and so this is not a major risk area for the Group.

Credit risk

The Group receives the bulk of its revenue from a Government agency and therefore is not exposed to significant credit risk.

Cash investments and interest rate swap arrangements are with institutions of a suitable credit quality.

Addiewell Prison (Holdings) Ltd (Registered number: SC291481)

**Group Strategic Report
for the year ended 31 March 2023**

Ownership

The Group is owned by its ultimate shareholders Sodexo Investment Services Limited and Infrastructure Investments Holdings Limited.

Going Concern

The directors have prepared a detailed model forecast to project completion incorporating the relevant terms of the PFI contract, subcontracts and credit agreement and reasonably prudent economic assumptions. This forecast and associated business model, which is updated regularly, predicts that the Project Company and overall Group will be profitable with sufficient cash resources to operate within the terms of the PFI contract, subcontract and credit agreement. Therefore, the directors, having considered the financial position of the Group and its expected future cash flows for at least 12 months from the date of signing the accounts, have prepared the financial statements on a going concern basis.

The directors confirm the completeness of the information provided regarding events and conditions relating to going concern at the date of approval of the financial statements.

On behalf of the board:

Giorgia Martina

.....
G Martina - Director

22-Sep-23 | 2:19:31 PM BST

Date:

Addiewell Prison (Holdings) Ltd (Registered number: SC291481)

Directors' Report for the year ended 31 March 2023

Details of the principal risks and uncertainties are included in the Strategic Report.

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

Environment

The Group recognises the importance of its environmental responsibilities, monitors its impact on the environment, and implements policies via its subcontractors to reduce any damage that might be caused by the Group's activities.

Employees

The Group has no direct employees (2022: Nil).

Qualifying third party indemnity provisions

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

Dividends

The directors declared and paid a dividend in 2023 of £909,000 (2022 : £2,613,000). Since the year end the directors have proposed and paid a dividend of £851,000.

Events since the end of the year

Information relating to events since the end of the year is given in the notes to the financial statements.

Directors

The directors during the year under review were:

S A Carter

J C Heath

J N E Cowdell

M G D Holden

N A Woodburn

- resigned 1.6.22

- appointed 1.6.22

- resigned 22.11.22

- appointed 22.11.22

G Martina

The directors holding office at 31 March 2023 did not hold any beneficial interest in the issued share capital of the company at 1 April 2022 (or date of appointment if later) or 31 March 2023.

Statement as to disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditor is unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditor is aware of that information.

Addiewell Prison (Holdings) Ltd (Registered number: SC291481)

**Directors' Report
for the year ended 31 March 2023**

Auditor
Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Johnston Carmichael LLP will therefore continue in office.

On behalf of the board:

Giorgia Martina
.....
G Martina - Director

22-Sep-23 | 2:19:31 PM BST
Date:

Addiewell Prison (Holdings) Ltd (Registered number: SC291481)

**Statement of Directors' Responsibilities
for the year ended 31 March 2023**

The directors are responsible for preparing the Group Strategic Report, Directors' Report and Financial Statements in accordance with applicable law and regulation.

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

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

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.

Independent Auditor's Report
To the members of Addiewell Prison (Holdings) Ltd

Opinion

We have audited the financial statements of Addiewell Prison (Holdings) Ltd ('the parent company'), and its subsidiary ('the group') for the year ended 31 March 2023, which comprise the Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and notes to the consolidated financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice). In our opinion the financial statements:

- Give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2023 and of its profit for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group or parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

We have nothing to report in this regard.

Independent Auditor's Report
To the members of Addiewell Prison (Holdings) Ltd (continued)

Opinions on other matters prescribed by the Companies Act 2006

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

- The information given in the 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 group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- The parent 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 Statement of Director's Responsibilities set out on page 6, 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 group's and parent 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 group or parent company or to cease operations, or have no realistic alternative but to do so.

Auditor 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 for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Extent the audit was considered capable of detecting irregularities, including fraud

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

Independent Auditor's Report
To the members of Addiewell Prison (Holdings) Ltd (continued)

We assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations by considering their experience, past performance and support available.

All engagement team members were briefed on relevant identified laws and regulations and potential fraud risks at the planning stage of the audit. Engagement team members were reminded to remain alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

- United Kingdom Generally Accepted Accounting Practice, including FRS 102;
- UK Companies Act 2006;
- UK Corporation Tax legislation; and
- VAT legislation

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

We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur, by meeting with management and those charged with governance to understand where it was considered there was susceptibility to fraud. This evaluation also considered how management and those charged with governance were remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how management and those charged with governance oversee the implementation and operation of controls. We identified a heightened fraud risk in relation to:

- Management override of controls
- Revenue recognition

In addition to the above, the following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

- Recalculating the unitary charge received by taking the base charge per the project agreement and uplifting for RPI;
- Agreeing a sample of months' income receipts to invoice and bank statements;
- Performing an assessment on the service margins used in the year and agreeing margins used to the active financial models;
- Reconciling the finance income and amortisation to the finance debtor reconciliation to ensure allocation methodology is in line with contractual terms and relevant accounting standards;
- Reviewing minutes of meetings of those charged with governance for reference to: breaches of laws and regulation or for any indication of any potential litigation and claims; and events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud;
- Reviewing the level of and reasoning behind the group and parent company's procurement of legal and professional services
- Performing audit work procedures over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing judgements made by management in their calculation of accounting estimates for potential management bias;

Independent Auditor's Report

To the members of Addiewell Prison (Holdings) Ltd (continued)

- Completion of appropriate checklists and use of our experience to assess the Company's compliance with the Companies Act 2006; and
- Agreement of the financial statement disclosures to supporting documentation

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

Use of our report

This report is made solely to the parent 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 parent 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Grant Roger (Senior Statutory Auditor)
For and on behalf of Johnston Carmichael LLP
Chartered Accountants
Statutory Auditor

Date: 22 / 09 / 2023

7-11 Melville Street
Edinburgh
EH3 7PE

Addiewell Prison (Holdings) Ltd (Registered number: SC291481)**Consolidated Statement of Comprehensive Income
for the year ended 31 March 2023**

	Notes	2023 £'000	2022 £'000
Turnover	3	30,790	28,581
Cost of sales		<u>(26,701)</u>	<u>(25,052)</u>
Gross profit		4,089	3,529
Administrative expenses		<u>(1,359)</u>	<u>(1,249)</u>
Operating profit		2,730	2,280
Interest receivable and similar income	6	<u>4,663</u>	<u>5,050</u>
		7,393	7,330
Interest payable and similar expenses	7	<u>(4,002)</u>	<u>(3,977)</u>
Profit before taxation		3,391	3,353
Tax on profit	8	<u>(3,156)</u>	<u>(1,658)</u>
Profit for the financial year		235	1,695
Other comprehensive income			
Fair value movement of derivatives		6,092	5,713
Income tax relating to other comprehensive income		<u>(1,523)</u>	<u>(590)</u>
Other comprehensive income for the year, net of income tax		4,569	5,123
Total comprehensive income for the year		4,804	6,818
Profit attributable to: Owners of the parent		<u>235</u>	<u>1,695</u>
Total comprehensive income attributable to: Owners of the parent		<u>4,804</u>	<u>6,818</u>

The notes on pages 17 to 31 form part of these financial statements

Addiewell Prison (Holdings) Ltd (Registered number: SC291481)**Consolidated Balance Sheet
31 March 2023**

	Notes	2023 £'000	2022 £'000
Current assets			
Debtors: amounts falling due within one year	12	8,746	8,938
Debtors: amounts falling due after more than one year	12	61,625	66,964
Cash at bank		5,172	5,807
		<u>75,543</u>	<u>81,709</u>
Creditors: amounts falling due within one year	13	<u>(7,616)</u>	<u>(10,829)</u>
Net current assets		<u>67,927</u>	<u>70,880</u>
Total assets less current liabilities		<u>67,927</u>	<u>70,880</u>
Creditors: amounts falling due after more than one year	14	(54,360)	(63,179)
Provisions for liabilities	16	<u>(7,347)</u>	<u>(5,376)</u>
Net assets		<u><u>6,220</u></u>	<u><u>2,325</u></u>
Capital and reserves			
Called up share capital	17	100	100
Cash flow hedging reserve		(1,627)	(6,196)
Retained earnings		<u>7,747</u>	<u>8,421</u>
Shareholders' funds		<u><u>6,220</u></u>	<u><u>2,325</u></u>

22-Sep-23 | 2:19:31 PM BST

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

Giorgia Martina

.....
G Martina - Director

The notes on pages 17 to 31 form part of these financial statements

Addiewell Prison (Holdings) Ltd (Registered number: SC291481)**Company Balance Sheet
31 March 2023**

	Notes	2023 £'000	2022 £'000
Fixed assets			
Investments	11	100	100
Current assets			
Debtors: amounts falling due within one year	12	654	563
Debtors: amounts falling due after more than one year	12	7,732	7,975
		<u>8,386</u>	<u>8,538</u>
Creditors: amounts falling due within one year	13	(654)	(563)
Net current assets		<u>7,732</u>	<u>7,975</u>
Total assets less current liabilities		<u>7,832</u>	<u>8,075</u>
Creditors: amounts falling due after more than one year	14	(7,732)	(7,975)
Net assets		<u>100</u>	<u>100</u>
Capital and reserves			
Called up share capital	17	100	100
Shareholders' funds		<u>100</u>	<u>100</u>
Company's profit for the financial year		<u>909</u>	<u>2,613</u>

22-Sep-23 | 2:19:31 PM BST

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

Giorgia Martina

.....
G Martina - Director

The notes on pages 17 to 31 form part of these financial statements

Addiewell Prison (Holdings) Ltd (Registered number: SC291481)**Consolidated Statement of Changes in Equity
for the year ended 31 March 2023**

	Called up share capital £'000	Retained earnings £'000	Cash flow hedging reserve £'000	Total equity £'000
Balance at 1 April 2021	100	9,339	(11,319)	(1,880)
Changes in equity				
Profit for the year	-	1,695	-	1,695
Other comprehensive income	-	-	5,123	5,123
Total comprehensive income	-	1,695	5,123	6,818
Dividends	-	(2,613)	-	(2,613)
Balance at 31 March 2022	100	8,421	(6,196)	2,325
Changes in equity				
Profit for the year	-	235	-	235
Other comprehensive income	-	-	4,569	4,569
Total comprehensive income	-	235	4,569	4,804
Dividends	-	(909)	-	(909)
Balance at 31 March 2023	100	7,747	(1,627)	6,220

The notes on pages 17 to 31 form part of these financial statements

Addiewell Prison (Holdings) Ltd (Registered number: SC291481)**Company Statement of Changes in Equity
for the year ended 31 March 2023**

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 April 2021	100	-	100
Changes in equity			
Dividends	-	(2,613)	(2,613)
Total comprehensive income	-	2,613	2,613
Balance at 31 March 2022	100	-	100
Changes in equity			
Dividends	-	(909)	(909)
Total comprehensive income	-	909	909
Balance at 31 March 2023	100	-	100

The notes on pages 17 to 31 form part of these financial statements

Addiewell Prison (Holdings) Ltd (Registered number: SC291481)**Consolidated Cash Flow Statement
for the year ended 31 March 2023**

		2023	2022
	Notes	£'000	£'000
Cash flows from operating activities			
Cash generated from operations	21	5,731	5,655
Interest paid		5	-
Finance costs paid		(5)	-
Tax paid		(1,884)	(1,205)
Net cash from operating activities		3,847	4,450
Cash flows from investing activities			
Interest received		4,663	5,050
Net cash from investing activities		4,663	5,050
Cash flows from financing activities			
Loan repayments in year		(4,230)	(3,843)
Interest paid		(4,006)	(4,160)
Equity dividends paid		(909)	(2,613)
Net cash from financing activities		(9,145)	(10,616)
Decrease in cash and cash equivalents		(635)	(1,116)
Cash and cash equivalents at beginning of year	22	5,807	6,923
Cash and cash equivalents at end of year	22	5,172	5,807

The notes on pages 17 to 31 form part of these financial statements

Addiewell Prison (Holdings) Ltd (Registered number: SC291481)**Notes to the Consolidated Financial Statements
for the year ended 31 March 2023****1. Accounting policies****Accounting policies**

The Company and its subsidiary (together "the Group") is a Private Finance Initiative ("PFI") vehicle whose purpose is to design, construct, finance and manage Addiewell Prison. The Company is a private company limited by shares and is incorporated and domiciled in Scotland. The address of its registered office is c/o Sodexo Remote Sites Limited 5th Floor, Exchange No 1, 62 Market Street, Aberdeen, Scotland, AB11 5PJ.

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The Group has adopted FRS 102 in these financial statements.

The presentation currency of these financial statements is sterling. All amounts have been rounded to the nearest £'000.

Basis of preparation

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

FRS 102 granted certain first-time adoption exemptions from the full requirements of FRS 102. The following exemptions have been taken in the financial statements since transition:

- Service concession arrangements

- The Group entered into its Service concession arrangement before the date of transition to this FRS. Therefore, its service concession arrangements have continued to be accounted for using the same accounting policies being applied at the date of transition to this FRS.

The Company has applied the following amendments to FRS 102 issued by the FRC for the first time during the year:

Amendments issued by the FRC in December 2019 The amendments enable the Company to take advantage of the temporary amendments to specific hedge accounting requirements in FRS 102 paragraphs 1225C to 1225F to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms. During the period, the subsidiary company was exposed to LIBOR within its hedge accounting relationships. This has now transitioned to SONIA as a result of interest rate benchmark reform, effective date 28 June 2022.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed on page 21.

Basis of consolidation

The Group consolidated financial instruments include the financial statements of the company and its subsidiary undertaking to 31 March each year. The subsidiary does not have differing accounting policies to the Group.

Addiewell Prison (Holdings) Ltd (Registered number: SC291481)**Notes to the Consolidated Financial Statements - continued
for the year ended 31 March 2023****Accounting policies - continued****Turnover and Private Finance Initiative ("PFI") contracting accounting**

Turnover, which excludes VAT and originates solely in the United Kingdom, represents amounts receivable from the operation of the prison, provided in the normal course of the subsidiary's business. On commencement of its management of the prison, the Group recorded a financial asset, being the amounts due for the completed property. This asset was deemed to be sold at fair value and was recorded as turnover at the inception of the lease. This amount reduces each year as payments are received (the "Capital Repayment").

In addition, finance income on this asset is recorded as interest receivable using a project property specific interest rate of 7.38% (the "Imputed Finance Charge"). The remaining PFI payments, being the full amounts received less the Capital Repayment and less the Imputed Finance Charge, are recorded as turnover.

Taxation

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

Deferred tax is recognised in respect of all timing differences between the treatment of certain items for taxation and accounting purposes that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted, or substantively enacted, by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Going concern

The directors have prepared a detailed model forecast to project completion incorporating the relevant terms of the PFI contract, subcontracts and credit agreement and reasonably prudent economic assumptions. This forecast and associated business model, which is updated regularly, predicts that the Project Company and overall Group will be profitable with sufficient cash resources to operate within the terms of the PFI contract, subcontract and credit agreement. Therefore, the directors, having considered the financial position of the Group and its expected future cash flows for at least 12 months from the date of signing the accounts, have prepared the financial statements on a going concern basis.

The directors confirm the completeness of the information provided regarding events and conditions relating to going concern at the date of approval of the financial statements.

Finance debtor and service income

The Group is an operator of a PFI contract. The underlying asset is not deemed to be an asset of the Group under old UK GAAP, because the risks and rewards of ownership as set out in that Standard are deemed to lie principally with the Authority.

Addiewell Prison (Holdings) Ltd (Registered number: SC291481)**Notes to the Consolidated Financial Statements - continued
for the year ended 31 March 2023****1. Accounting policies - continued**

During the construction phase of the project, all attributable expenditure was included in amounts recoverable on contracts and turnover. Upon becoming operational, the costs were transferred to the finance debtor. During the operational phase income is allocated between interest receivable and the finance debtor using a project specific interest rate. The remainder of the PFI unitary charge income is included within turnover in accordance with FRS 102 section 23. The Group recognises income in respect of the services provided as it fulfils its contractual obligations in respect of those services and in line with the fair value of the consideration receivable in respect of those services.

Major maintenance costs are recognised on a contractual basis and the revenue in respect of these services is recognised when these services are performed.

Investments

Investments are stated at cost less provision for any impairment in value.

Related party transactions

The Group discloses transactions with related parties which are not wholly owned within the same group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the financial statements.

Share capital

Share capital recognised at amortised cost represents the amount of equity in the form of shares invested by the shareholders.

Distribution to equity holders

Dividends and other distributions to the Group's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the shareholder. These amounts are recognised in the Consolidated Statement of Changes in Equity.

Retained earnings

The retained earnings reserve represents cumulative profit and losses.

Hedging reserve

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

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

Restricted cash

The subsidiary company is obligated to keep a separate cash reserve in respect of future financing costs. This restricted cash balance, which is shown on the consolidated balance sheet within the "cash at bank" balance, amounts to £4,082,000 at the year end (2022: £4,264,000).

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest

Addiewell Prison (Holdings) Ltd (Registered number: SC291481)

**Notes to the Consolidated Financial Statements - continued
for the year ended 31 March 2023**

1. Accounting policies - continued

Loans and receivables

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

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Derivative financial instruments

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

The Group holds derivative financial instruments which hedge its exposure to interest rate risk. This has the effect of fixing the interest rate payable on bank borrowings. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value within the Group's Consolidated Balance Sheet at each balance sheet date. The changes in fair value of these financial instruments that are designated as effective hedges of future cash flows are recognised directly in the Consolidated Statement of Other Comprehensive Income. Any ineffective portion is recognised immediately in the Income Statement.

Impairment of financial assets

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

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in the Income Statement.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Addiewell Prison (Holdings) Ltd (Registered number: SC291481)**Notes to the Consolidated Financial Statements - continued
for the year ended 31 March 2023****1. Accounting policies - continued****Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

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

Other financial liabilities

Derivatives, including interest rate swaps, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the Income Statement in finance costs or finance income as appropriate, unless they are included in a hedging arrangement.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the obligation specified in the contract is discharged, cancelled, or expires.

Hedge accounting

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the fair value of the derivative financial instrument is recognised directly in the Statement of Comprehensive Income as Other Comprehensive Income or expense. Any ineffective portion of the hedge is recognised immediately in profit or loss. Where hedge accounting recognises a liability or asset then the associated deferred tax is also recognised.

The subsidiary's borrowings were linked to LIBOR during part of this financial year and as described at Note 13 the subsidiary company has entered into an interest rate swap to restrict its exposure to future interest rate fluctuations. The UK Financial regulator (the FCA) legislated that GBP LIBOR would cease to be published after 31 December 2021. The Company conducted a review alongside relevant lenders to establish an alternative to LIBOR and this was concluded on 28 June 2022 with SONIA having been approved for use from July 2022.

Addiewell Prison (Holdings) Ltd (Registered number: SC291481)**Notes to the Consolidated Financial Statements - continued
for the year ended 31 March 2023****2. Critical accounting judgements and key sources of estimation uncertainty**

The preparation of financial statements in conformity with FRS 102 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based upon historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised 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.

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

- Derivative financial instruments are held at fair value detailed below;
- Accounting for the service concession contract and financial assets require an estimation of service margins, financial assets interest rates and associated amortisation profile which is based on forecast results of the PFI contract detailed above;

3. Turnover

The turnover and profit before taxation are attributable to the principal activities of the group.

An analysis of turnover by class of business is given below:

	2023 £'000	2022 £'000
Turnover from operations	29,698	27,710
Turnover from pass through	1,092	871
	<u>30,790</u>	<u>28,581</u>

All turnover is generated from the principal activity of the Group. All turnover arose within the United Kingdom.

4. Employees and directors

The Group has no employees (2022: none).

No directors' emoluments for services in respect of the Group were paid during the year (2022: £nil). Amounts paid as a management fee to related parties for directors' services for the company totalled £78,000 (2022: £71,000).

5. Auditors' remuneration

	2023 £'000	2022 £'000
Fees payable to the company's auditor for the audit of the company's financial statements	<u>21</u>	<u>18</u>

Auditors remuneration is payable to Johnston Carmichael LLP.

Addiewell Prison (Holdings) Ltd (Registered number: SC291481)**Notes to the Consolidated Financial Statements - continued
for the year ended 31 March 2023****6. Interest receivable and similar income**

	2023	2022
	£'000	£'000
Deposit account interest	23	15
Finance debtor interest	4,640	5,035
	<u>4,663</u>	<u>5,050</u>

7. Interest payable and similar expenses

	2023	2022
	£'000	£'000
Subordinated loan interest	975	1,031
Senior loan interest	3,022	2,946
No description	5	-
	<u>4,002</u>	<u>3,977</u>

Within the bank term loan interest payable balance, £1,341,000 (2022: £3,236,000) relates to swap interest payable.

8. Taxation**Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

	2023	2022
	£'000	£'000
Current tax:		
UK corporation tax	1,185	1,112
Deferred tax	1,971	546
Tax on profit	<u>3,156</u>	<u>1,658</u>

UK corporation tax has been charged at 19% (2022 - 19%).

Addiewell Prison (Holdings) Ltd (Registered number: SC291481)**Notes to the Consolidated Financial Statements - continued
for the year ended 31 March 2023****8. Taxation - continued****Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2023 £'000	2022 £'000
Profit before tax	<u>3,391</u>	<u>3,353</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2022 - 19%)	644	637
Effects of:		
Income not taxable for tax purposes	(43)	(43)
Depreciation in excess of capital allowances	590	518
Origination and reversal of timing difference	1,965	546
Total tax charge	<u>3,156</u>	<u>1,658</u>

Tax effects relating to effects of other comprehensive income

	Gross £'000	Tax £'000	2023 Net £'000
Fair value movement of derivatives	<u>6,092</u>	<u>(1,523)</u>	<u>4,569</u>
	Gross £'000	Tax £'000	2022 Net £'000
Fair value movement of derivatives	<u>5,713</u>	<u>(590)</u>	<u>5,123</u>

The corporation tax rate was 19% until March 2023. From April 2023 the main rate will increase to 25% for business profits made by the Company over £250,000. A small profit rate (SPR) will also be introduced for companies with profits of £50,000 or less so that they will continue to pay corporation tax at 19%. Companies with profits between £50,000 and £250,000 will pay tax at the main rate reduced by a marginal relief providing a gradual increase in the effective corporation tax rate. The Company has assessed the impact of this change and considers the full rate of 25% will apply.

The deferred taxation balances have been measured using the rates expected to apply in the reporting periods when the timing differences reverse.

There is a deferred tax asset relating to the interest rate derivative, calculated at 25%, which will unwind over the term of the hedging arrangement. All movements in the deferred tax have been recognised in other comprehensive income.

Addiewell Prison (Holdings) Ltd (Registered number: SC291481)**Notes to the Consolidated Financial Statements - continued
for the year ended 31 March 2023****9. Individual statement of comprehensive income**

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the parent company is not presented as part of these financial statements.

10. Dividends

	2023	2022
	£'000	£'000
Ordinary shares of 1 each		
Interim	<u>909</u>	<u>2,613</u>

An interim dividend of £265,000 was paid in June 2022 followed by a final dividend of £644,000 in December 2022.

11. Fixed asset investments**Company**

	Shares in group undertakings £'000
Cost	
At 1 April 2022 and 31 March 2023	<u>100</u>
Net book value	
At 31 March 2023	<u>100</u>
At 31 March 2022	<u>100</u>

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiary**Addiewell Prison Limited**

Registered office: C/o Sodexo Remote Sites Limited, 4th Floor, Exchange No 1, 62 Market Street, Aberdeen, Scotland, AB11 5PJ

Nature of business: Prison construction & management

	%
Class of shares:	holding
Ordinary	100.00

The Group's only subsidiary is Addiewell Prison Ltd. Its activity is to design, build, finance, and operate HMP Addiewell. Under a share pledge agreement Addiewell Prison (Holdings) Ltd transferred the entire shareholding of Addiewell Prison Ltd to Project & Export Finance (Nominees) Limited who are nominee subsidiary of the company's bankers the Royal Bank of Scotland PLC (a related party). However, although in the legal form Addiewell Prison Ltd is owned by Project and Export Finance (nominees) Limited in substance Addiewell Prison (Holdings) Ltd is able to exercise control via voting rights and is entitled to dividends, interest and other payments (whether of an income or capital nature) paid in respect of the shares. The directors believe that the carrying value of the investment is supported by the profitable nature of the contract held by the subsidiary.

Addiewell Prison (Holdings) Ltd (Registered number: SC291481)**Notes to the Consolidated Financial Statements - continued
for the year ended 31 March 2023****12. Debtors**

	Group		Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade debtors	4,440	4,047	-	-
Amounts owed by group undertakings	-	-	654	563
Other debtors	-	465	-	-
Finance debtor	4,022	3,746	-	-
Deferred tax asset	58	489	-	-
Corporation tax	91	-	-	-
Prepayments and accrued income	135	191	-	-
	<u>8,746</u>	<u>8,938</u>	<u>654</u>	<u>563</u>
Amounts falling due after more than one year:				
Amounts owed by participating interests	-	-	7,732	7,975
Finance debtor	61,141	65,388	-	-
Deferred tax asset	484	1,576	-	-
	<u>61,625</u>	<u>66,964</u>	<u>7,732</u>	<u>7,975</u>
Aggregate amounts	<u>70,371</u>	<u>75,902</u>	<u>8,386</u>	<u>8,538</u>

13. Creditors: amounts falling due within one year

	Group		Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Subordinated loan (see note 15)	417	355	-	-
Senior secured loans (see note 15)	4,218	3,999	-	-
Trade creditors	-	38	-	-
Amounts owed to group undertakings	-	-	654	563
Amounts owed to participating interests	871	692	-	-
Corporation Tax	-	607	-	-
Social security and other taxes	392	629	-	-
Other creditors	-	465	-	-
Derivative financial instruments	232	1,958	-	-
Accruals and deferred income	522	1,117	-	-
Accrued interest on bank loan	727	761	-	-
Accrued interest on subordinated loan	237	208	-	-
	<u>7,616</u>	<u>10,829</u>	<u>654</u>	<u>563</u>

Addiewell Prison (Holdings) Ltd (Registered number: SC291481)**Notes to the Consolidated Financial Statements - continued
for the year ended 31 March 2023****13. Creditors: amounts falling due within one year - continued**

The bank loan is secured by a fixed and floating charge over the assets of the Company. Interest is charged on the above loan at the rate of SONIA +0.9%. The loan is repayable in instalments over a period of 23 years, which commenced in 2009. The bank loan is The Royal Bank of Scotland.

In June 2006 the Company entered into a 25 year fixed interest rate swap arrangement (amended March 2011) to hedge its exposure to the effect of interest rate fluctuations.

The swap converts the bank loan to a fixed rate of 5.04% and is payable in semi-annual amounts between 30 June 2009 and 31 December 2031.

The terms and maturity analysis of the amounts owed to controlling parties is given in note 15.

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

	Group		Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Subordinated loan (see note 15)	7,732	7,975	-	-
Bank loans (see note 15)	44,691	48,901	-	-
Amounts owed to participating interests	-	-	7,732	7,975
Derivative financial instruments	1,937	6,303	-	-
	<u>54,360</u>	<u>63,179</u>	<u>7,732</u>	<u>7,975</u>

Addiewell Prison (Holdings) Ltd (Registered number: SC291481)**Notes to the Consolidated Financial Statements - continued
for the year ended 31 March 2023****15. Loans**

An analysis of the maturity of loans is given below:

	Group	
	2023	2022
	£'000	£'000
Amounts falling due within one year or on demand:		
Subordinated loan	417	355
Bank loans	4,267	4,049
Unamortised issue costs	(49)	(50)
	<u>4,635</u>	<u>4,354</u>
Amounts falling due between one and two years:		
Subordinated loan	468	417
Bank loans - 1-2 years	4,560	4,267
Unamortised issue costs	(49)	(50)
	<u>4,979</u>	<u>4,634</u>
Amounts falling due between two and five years:		
Subordinated loan	1,672	1,525
Bank loans - 2-5 years	15,015	14,307
Unamortised issue costs	(148)	(150)
	<u>16,539</u>	<u>15,682</u>
Amounts falling due in more than five years:		
Repayable by instalments		
Subordinated loan	5,592	6,033
Bank loans more 5 yr by instal	25,522	30,789
Unamortised issue costs	(209)	(262)
	<u>30,905</u>	<u>36,560</u>

A working capital facility of £3,725,000 and a change in law facility of £1,200,000 are available to the Subsidiary. The working capital facility is drawn as required and repaid in the following period and has been utilised in the year.

16. Provisions for liabilities

	Group	
	2023	2022
	£'000	£'000
Deferred tax	<u>7,347</u>	<u>5,376</u>

Addiewell Prison (Holdings) Ltd (Registered number: SC291481)**Notes to the Consolidated Financial Statements - continued
for the year ended 31 March 2023****16. Provisions for liabilities - continued****Group**

	Deferred tax £'000
Balance at 1 April 2022	5,376
Charge to Statement of Comprehensive Income during year	1,971
	<hr/>
Balance at 31 March 2023	7,347
	<hr/>

A deferred tax asset of £542,000 (2022: £2,065,000) is disclosed separately within debtors at note 12, the movement for which is recognised through other comprehensive income.

17. Called up share capital

Number:	Class:	Nominal value:	2023 £	2022 £
99,999	Ordinary	1	99,999	99,999
			<hr/>	<hr/>

18. Related party disclosures

Name of company	Type of Transaction	Year Ended March 2023 £000	Balance Due March 2023 £000
Sodexo Investment Services Ltd	Subordinated debt	-	(2,716)
Sodexo Investment Services Ltd	Subordinated debt interest	(325)	(79)
Sodexo Investment Services Ltd	Dividends	(303)	-
Sodexo Investment Services Ltd	SPV Charges	(39)	(23)
Infrastructure Investments Holdings Ltd	Subordinated debt	-	(5,433)
Infrastructure Investments Holdings Ltd	Subordinated debt interest	(650)	(158)
Infrastructure Investments Holdings Ltd	Dividends	(606)	-
Infrastructure Investments Holdings Ltd	SPV Charges	(39)	(75)
Infrastructure Investment Holdings Ltd	Group relief creditor	-	(673)
Sodexo Ltd	Operator & SPV Fees	(26,083)	1,059
<hr/>			
Name of company	Type of Transaction	Year Ended March 2022 £000	Balance Due March 2022 £000
Sodexo Investment Services Ltd	Subordinated debt	-	(2,777)
Sodexo Investment Services Ltd	Subordinated debt interest	(340)	(69)
Sodexo Investment Services Ltd	Dividends	(871)	-
Sodexo Investment Services Ltd	SPV Charges	(36)	(22)
Infrastructure Investments Holdings Ltd	Subordinated debt	-	(5,553)
Infrastructure Investments Holdings Ltd	Subordinated debt interest	(681)	(139)
Infrastructure Investments Holdings Ltd	Dividends	(1,742)	-
Infrastructure Investments Holdings Ltd	SPV Charges	(36)	(36)
Infrastructure Investments Holdings Ltd	Group relief creditor	-	(524)
Sodexo Ltd	Operator & SPV Fees	(24,329)	339

Addiewell Prison (Holdings) Ltd (Registered number: SC291481)**Notes to the Consolidated Financial Statements - continued
for the year ended 31 March 2023****19. Post balance sheet events**

Since the year end the directors proposed and paid a dividend of £851,000.

20. Ultimate controlling party

The issued share capital of Addiewell Prison (Holdings) Limited is owned by Infrastructure Investments Holdings Ltd (67%) and Sodexo Investment Services Limited (33%). Nonetheless, the directors believe that the Company does not have an ultimate controlling party, as the shareholder agreement requires shareholder approval representing at least 80% of shares in the Company for any significant decision relating to the Company.

21. Reconciliation of profit before taxation to cash generated from operations

	2023	2022
	£'000	£'000
Profit before taxation	3,391	3,353
Finance costs	4,002	3,977
Finance income	(4,663)	(5,050)
	<u>2,730</u>	<u>2,280</u>
Decrease in trade and other debtors	4,008	3,226
(Decrease)/increase in trade and other creditors	(1,007)	149
	<u>2,731</u>	<u>5,655</u>
Cash generated from operations	<u>5,731</u>	<u>5,655</u>

22. Cash and cash equivalents

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 March 2023

	31.3.23	1.4.22
	£'000	£'000
Cash and cash equivalents	<u>5,172</u>	<u>5,807</u>

Year ended 31 March 2022

	31.3.22	1.4.21
	£'000	£'000
Cash and cash equivalents	<u>5,807</u>	<u>6,923</u>

Addiewell Prison (Holdings) Ltd (Registered number: SC291481)**Notes to the Consolidated Financial Statements - continued
for the year ended 31 March 2023****23. Analysis of changes in net debt**

	At 1.4.22 £'000	Cash flow £'000	Issue costs £'000	At 31.3.23 £'000
Net cash				
Cash at bank	<u>5,807</u>	<u>(635)</u>	<u>-</u>	<u>5,172</u>
	<u>5,807</u>	<u>(635)</u>	<u>-</u>	<u>5,172</u>
Debt				
Debts falling due within 1 year	(4,354)	(281)	-	(4,635)
Debts falling due after 1 year	<u>(56,876)</u>	<u>4,502</u>	<u>(49)</u>	<u>(52,423)</u>
	<u>(61,230)</u>	<u>4,221</u>	<u>(49)</u>	<u>(57,058)</u>
Total	<u><u>(55,423)</u></u>	<u><u>3,586</u></u>	<u><u>(49)</u></u>	<u><u>(51,886)</u></u>