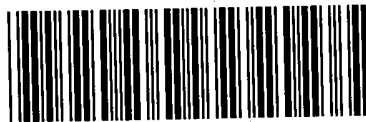


Fire Support (SSFR) Holdings Limited
Financial Statements
31 December 2015

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Fire Support (SSFR) Holdings Limited

Financial Statements

Year ended 31 December 2015

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Fire Support (SSFR) Holdings Limited

Strategic Report

Year ended 31 December 2015

Principal activities and business review

The principal activity of the company is that of a holding company with a single subsidiary, Fire Support (SSFR) Limited.

The principal activity of the group is the provision of operational and maintenance services, including related financing arrangements for ten fire stations in Stoke on Trent and Staffordshire, in accordance with a project agreement the group entered into with Stoke on Trent and Staffordshire Fire and Rescue Authority.

The group is currently operating the facility for a 24 year period, providing a full range of facilities management services under a contractual agreement that provides regular income stream which is subject to deductions for service shortfalls and the unavailability of the facility.

The group operates in a PFI market under strict contractual obligations.

The result for the group for the year is shown in the Profit and Loss Account on page 8.

Principal risks and uncertainties

The management of the business and the execution of the group's strategy are subject to a number of risks.

The key business risks affecting the group are considered to relate to cashflow management, facility management compliance and review of the insurance cover and lifecycle profile.

The board formally reviews risks and appropriate processes are put in place to mitigate them

Financial risk management

The group's operations expose it to a variety of financial risks that include liquidity risk, interest rate risk and credit risk. The group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the group by monitoring levels of debt finance and the related finance costs.

At the balance sheet date the group's financial instruments comprise floating and fixed rate borrowings, the main purpose of which is to raise finance for the group's operations. The group does use derivative financial instruments and has entered into interest rate swaps, the purpose of which is to manage interest rate risk on the group's floating rate borrowings.

Bilfinger RE Asset Management Limited, as a provider of management and financial services to the group under a contractual arrangement, implements the policies set by the board of directors.

Fire Support (SSFR) Holdings Limited

Strategic Report *(continued)*

Year ended 31 December 2015

Financial risk management (continued)

Liquidity risk

The group minimises the risk of uncertain funding in its operations by having long-term committed and drawn facilities available.

Interest rate cash flow risk

The group seeks to minimise its exposure to an upward change in interest rates by borrowing at floating rates and using interest rate swaps to convert such borrowings from floating to fixed rates. At the year end all the group's floating rate borrowings were at fixed rates after taking account of interest rate swaps.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge its obligation under the contract giving rise to the financial instrument. The group's credit risk is concentrated as its cash flows are generated from the PPP concession asset. The concentration of risk is mitigated as the cash flows are secured under contract with Stoke on Trent and Staffordshire Fire and Rescue Authority, a government body.

Key performance indicators

1. Performance deductions under the service contract

Financial penalties are levied by the Authority in the event of performance standards not being achieved according to detailed criteria set out in the Project Agreement. These deductions were passed on to the service provider and, where relevant, builder. In the year ended 31 December 2015, deductions of £55,000 (2014: £140,000) had been levied which represents 3.92% (2014: 10.62%) of revenue. The directors believe the performance for the year to be satisfactory.

2. Financial performance

The directors have modelled the anticipated financial outcome of the Project across its full term. The directors monitor actual financial performance against this anticipated performance. As at 31 December 2015, the group's performance against this measure was satisfactory.

Going concern

The directors have reviewed the group's projected cashflows by reference to a financial model covering accounting periods up to 31 December 2037. The directors have also examined the current status of the group's principal contracts and likely developments in the foreseeable future. Having reviewed the available information, the directors consider that the group and company will be able to meet its financial obligations on the due dates for the foreseeable future. Accordingly, the directors consider that it is appropriate for the financial statements of the group and company to be prepared on a going concern basis.

This report was approved by the board of directors on 2 September 2016 and signed on behalf of the board by:


A Naafs
Director

Fire Support (SSFR) Holdings Limited

Directors' Report

Year ended 31 December 2015

The directors present their report and the financial statements of the group for the year ended 31 December 2015.

Directors

The directors who served the company during the year and up to the date of this report are shown below:

F Schramm	
S Cook	
A Naafs	(Appointed 29 May 2015)
A Speer	(Resigned 29 May 2015)

Dividends

The directors have not recommended a dividend (2014: £nil).

Future developments

The updated forecast for the project confirms that it is performing satisfactorily and management of the scheme both logistically and financially remains under control. The directors remain confident that the group will maintain the current level of performance and keep meeting the obligations under the contract.

Post Balance Sheet Event

The group undertook a refinancing exercise which completed in April 2016. The £35,051,000 senior loan facility provided by Nationwide Building Society and Norddeutsche Landesbank Girozentrale was repaid in full and a new finance senior loan facility was issued by Norddeutsche Landesbank Girozentrale, totalling £41,994,000, at LIBOR + 1.45%.

The senior facility is secured by a fixed charge over all leasehold interests, book debts, project accounts and intellectual property of the group and by a floating charge over the group's undertakings and assets.

The group also entered into a swap arrangement in April 2016 with Norddeutsche Landesbank Girozentrale in order to fix the base interest rate (LIBOR) at 1.745% on £24,709,000 to 2035.

The group also kept its existing swap arrangement with Norddeutsche Landesbank Girozentrale in order to fix the base interest rate (LIBOR) at 4.6375% on £17,285,000 to 2035.

Donations

Neither the Company nor its subsidiary undertaking made any political donations during the year (2014: £nil).

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the group's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the group's auditor is aware of that information.

Auditor

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

Fire Support (SSFR) Holdings Limited

Directors' Report *(continued)*

Year ended 31 December 2015

This report was approved by the board of directors on 2 September 2016 and signed on behalf of the board by:


A. Naafs
Director

Fire Support (SSFR) Holdings Limited

Statement of Directors' Responsibilities in Respect of the Strategic Report, the Directors' Report and the Financial Statements

Year ended 31 December 2015

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 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 group and the company and of the profit or loss of the group for that period.

In preparing each of the group and parent company financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Fire Support (SSFR) Holdings Limited

Independent Auditor's Report to the Members of Fire Support (SSFR) Holdings Limited

Year ended 31 December 2015

We have audited the financial statements of Fire Support (SSFR) Holdings Limited for the year ended 31 December 2015, set out on pages 8 to 27. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

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 December 2015 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Fire Support (SSFR) Holdings Limited

Independent Auditor's Report to the Members of Fire Support (SSFR) Holdings Limited *(continued)*

Year ended 31 December 2015

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept 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.



2 September 2016

Amanda Moses (Senior Statutory Auditor)

For and on behalf of
KPMG LLP
Chartered Accountants & statutory auditor
Arlington Business Park
Theale
Reading
RG7 4SD

Fire Support (SSFR) Holdings Limited

Consolidated Profit and Loss Account and Statement of Other Comprehensive Income

Year ended 31 December 2015

	Note	2015 £000	2014 £000
Turnover	3	1,403	1,318
Operating costs		(1,262)	(1,280)
Operating profit		141	38
Interest receivable	6	3,111	3,167
Interest payable	7	(3,136)	(3,204)
Profit on ordinary activities before taxation		116	1
Taxation on (loss)/profit on ordinary activities	8	(26)	–
Profit for the financial year		90	1
Fair value movements on cash flow hedging instruments		345	(2,281)
Tax recognised in relation to change in fair value cash flow hedges	8	(167)	456
Other comprehensive income for the year		178	(1,825)
Total comprehensive income for the year		268	(1,824)

All the activities of the group are from continuing operations.

The notes on pages 14 to 27 form part of these financial statements.

Fire Support (SSFR) Holdings Limited

Consolidated Balance Sheet

31 December 2015

	Note	2015 £000	2014 £000
Current assets			
Debtors (including £41,048,000 (2014: £42,046,000) due after more than one year	11	42,417	43,459
Cash at bank and in hand		1,867	1,359
Total current assets		44,284	44,818
Creditors: amounts falling due within one year	12	(36,172)	(1,671)
Net current assets		8,112	43,147
Total assets less current liabilities		8,112	43,147
Creditors: amounts falling due after more than one year	13	(12,209)	(47,512)
Net liabilities		(4,097)	(4,365)
Capital and reserves			
Called up share capital	16	43	43
Cashflow hedge reserve	17	(4,004)	(4,182)
Profit and loss account	17	(136)	(226)
Shareholders' deficit		(4,097)	(4,365)

These financial statements were approved by the board of directors and authorised for issue on 2 September 2016 and are signed on behalf of the board by:


A. Naafs
Director

Company registration number: 07016567

The notes on pages 14 to 27 form part of these financial statements.

Fire Support (SSFR) Holdings Limited

Company Balance Sheet

31 December 2015

	Note	2015 £000	2014 £000
Fixed assets			
Investments	10	43	43
Current assets			
Debtors (including £5,602,000 (2014: £5,602,000) due after more than one year	11	5,889	5,889
Total current assets		5,889	5,889
Creditors: amounts falling due within one year	12	(287)	(287)
Net current assets		5,602	5,602
Total assets less current liabilities		5,645	5,645
Creditors: amounts falling due after more than one year	13	(5,602)	(5,602)
Net assets		43	43
Capital and reserves			
Called up share capital	16	43	43
Total shareholder's funds		43	43

These financial statements were approved by the board of directors and authorised for issue on ~~2 September 2016~~ and are signed on behalf of the board by:


A Naafs
Director

Company registration number: 07016567

The notes on pages 14 to 27 form part of these financial statements.

Fire Support (SSFR) Holdings Limited
Consolidated Statement of Changes in Equity
Year ended 31 December 2015

	Note	Called up share capital £000	Cash flow hedge reserve £000	Profit and loss account £000	Total £000
At 1 January 2014		43	(2,357)	(227)	(2,541)
Profit for the year				1	1
Other comprehensive income for the year:					
Fair value movements on cash flow hedging instruments		–	(2,281)	–	(2,281)
Tax recognised in relation to change in fair value cash flow hedges	8	–	456	–	456
Total comprehensive income for the year		–	(1,825)	1	(1,824)
At 31 December 2014		43	(4,182)	(226)	(4,365)
Profit for the year				90	90
Other comprehensive income for the year:					
Fair value movements on cash flow hedging instruments		–	345	–	345
Tax recognised in relation to change in fair value cash flow hedges	8	–	(167)	–	(167)
Total comprehensive income for the year		–	178	90	268
At 31 December 2015		<u>43</u>	<u>(4,004)</u>	<u>(136)</u>	<u>(4,097)</u>

The notes on pages 14 to 27 form part of these financial statements.

Fire Support (SSFR) Holdings Limited

Company Statement of Changes in Equity

Year ended 31 December 2015

	Called up share capital £000	Profit and loss account £000	Total £000
At 1 January 2014	43	–	43
Profit for the year		–	–
At 31 December 2014	43	–	43
Profit for the year		–	–
At 31 December 2015	<u>43</u>	<u>–</u>	<u>43</u>

The notes on pages 14 to 27 form part of these financial statements.

Fire Support (SSFR) Holdings Limited

Consolidated Cash Flow Statement

Year ended 31 December 2015

	2015 £000	2014 £000
Cash flows from operating activities		
Profit for the financial year	90	1
<i>Adjustments for:</i>		
Other interest receivable and similar income	(3,111)	(3,167)
Interest payable and similar charges	3,136	3,204
Tax on profit on ordinary activities	26	–
Accrued expenses	1,006	957
<i>Changes in:</i>		
Trade and other debtors	72	(17)
Trade and other creditors	253	(1)
Cash generated from operations	1,472	977
Interest paid	(3,136)	(3,204)
Interest received	3,111	3,167
Net cash from operating activities	1,447	940
Cash flows from financing activities		
Repayment of bank loans	(939)	(925)
Net cash used in financing activities	(939)	(925)
Net increase in cash and cash equivalents	508	15
Cash and cash equivalents at beginning of year	1,359	1,344
Cash and cash equivalents at end of year	1,867	1,359

The notes on pages 14 to 27 form part of these financial statements.

Fire Support (SSFR) Holdings Limited

Notes to the Financial Statements

Year ended 31 December 2015

1. Statement of compliance

Fire Support (SSFR) Holdings Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The presentation currency of these financial statements is sterling.

In the transition to FRS 102 from old UK GAAP, the group has made three measurement and recognition adjustments. An explanation of how the transition to FRS 102 has affected financial position and financial performance of the group is provided in note 20.

FRS 102 grants certain first-time adoption exemptions from the full requirements of FRS 102. The following exemption has been taken in these financial statements:

Service concession arrangements - The Company entered into its service concession arrangement before the date of transition to FRS 102. Therefore its service concession arrangements have continued to be accounted for using the same accounting policies being applied at the date of transition to FRS 102. In accordance with FRS 102 35.10(i), the Company has applied the exemption to finance debtor and service income accounting policies.

- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. On first time adoption of FRS 102, the Company has not retrospectively changed its accounting under old UK GAAP for accounting estimates.

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 in note 21.

2. Accounting policies

Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments.

Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertaking, Fire Support (SSFR) Limited.

Going concern

The directors have reviewed the cash flow forecast and taking into account of reasonable possible changes in operations, believe that the group will be able to settle liabilities as they fall due for payment for the foreseeable future and therefore consider that it is appropriate to prepare these financial statements on a going concern basis.

Fire Support (SSFR) Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

2. Accounting policies *(continued)*

Turnover

The Company entered into its service concession arrangement before the date of transition to FRS 102 and has therefore, taken advantage of the exemption under FRS 102 35.10(i) to continue with the same accounting policy for revenue recognition under old UK GAAP.

Turnover represents the value of services rendered, excluding sales related taxes, and is recognised to the extent that the group obtains the right to consideration in exchange for its performance. During the construction phase, which completed on 31 May 2012, revenues in excess of net operating and finance costs were deferred until completion of construction, whereupon they will be released to the profit and loss account over the remaining life of the concession. During the operational phase, turnover is recognised as contract activity progresses at a mark up on costs related to the provision of services. In line with FRS 102 23.22(a), the mark up is calculated based upon the forecast service revenues and costs over the concession period.

All turnover originates in the United Kingdom.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is recognised on trading losses carried forward and on the fair value of the swap derivative.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Investments

Investments in subsidiary undertakings are stated at cost, less an appropriate provision to reflect any impairment in the value of the investments.

Fire Support (SSFR) Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

2. Accounting policies *(continued)*

Financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and treasury deposits.

Restricted cash

The group is obligated to keep separate cash reserves in respect of future major maintenance costs. The restricted cash balances, which is shown on the balance sheet within the "cash at bank and in hand" balance, amounts to £339,000 at the year end (2014: £226,000).

Other financial instruments

Financial instruments not considered to be basic financial instruments (other financial instruments)

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss except as follows:

- hedging instruments in a designated hedging relationship shall be recognised as set out below.

Derivative financial instruments and hedging

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

Cash flow hedges

The group has entered into an interest rate swap and designated these as hedges for highly probable forecast transaction. The effective part of any gain or loss on the derivative financial instrument is recognised directly in other comprehensive income. Any ineffective portion of the hedge is recognised immediately in profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the entity discontinues designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the income statement immediately.

Fire Support (SSFR) Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

2. Accounting policies *(continued)*

Finance debtor

The group entered into its service concession arrangement before the date of transition to FRS 102 and has therefore, taken advantage of the exemption under FRS 102 35.10(i) to continue with the same accounting policy for the recognition of a finance debtor under old UK GAAP.

The group is an operator of a PFI contract. The underlying asset is not deemed to be an asset of the group under FRS 102 section 34.12C, because the risks and rewards of ownership as set out in that Standard are deemed to lie principally with the Authority.

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 23.22(a). 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.

Expenses

Interest receivable and Interest payable

Interest payable and similar charges include interest payable on borrowings and associated on-going financing fees.

Other interest receivable and similar income include interest receivable on funds invested and interest recognised on the finance debtor based upon the finance debtor accounting policy above.

Interest income and interest payable are recognised in the profit or loss as they accrue, using the effective interest rate method.

3. Turnover

Turnover arises from:

	2015 £000	2014 £000
Service income	<u>1,403</u>	<u>1,318</u>

The whole of the turnover is attributable to the principal activity of the group wholly undertaken in the United Kingdom.

4. Auditor's remuneration

	2015 £000	2014 £000
Audit of these financial statements	<u>13</u>	<u>9</u>

Fire Support (SSFR) Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

4. Auditor's remuneration *(continued)*

The audit fee in respect of the group was £13,000 (2014: £11,000) and for the company £2,000 (2014: £2,000). All of these costs have been borne by the subsidiary undertaking.

5. Staff costs and directors' remuneration

The group had no employees during the year (2014: nil). No key personnel received any remuneration during the year (2014: nil). The directors have no contract of service with the group. During the year the group incurred charges of £60,000 (2014: £60,000) from BBGI Management HoldCo S.a.r.l. and £30,000 (2014: £30,000) from NORD/LB Project Holding Limited for making available the services of the directors.

6. Interest receivable

	2015 £000	2014 £000
Bank interest receivable	4	4
Interest on contract debtor	3,107	3,163
	<u>3,111</u>	<u>3,167</u>

Interest is imputed on the finance debtor using the property specific rate of 7.50%.

7. Interest payable

	2015 £000	2014 £000
Interest payable on bank loan	2,482	2,550
Interest payable on subordinated debt	615	615
Other interest payable and similar charges	39	39
	<u>3,136</u>	<u>3,204</u>

Interest payable and similar charges are recognised using the effective interest rate method.

8. Taxation on (loss)/profit on ordinary activities

Major components of tax expense

The tax (credit)/charge for the year is made up as follows:

	2015 £000	2014 £000
Deferred tax:		
Origination and reversal of timing differences	24	—
Impact of change in tax rate	2	—
Total deferred tax	<u>26</u>	<u>—</u>
Taxation on (loss)/profit on ordinary activities	<u>26</u>	<u>—</u>

Tax recognised as other comprehensive income or equity

The aggregate deferred tax relating to items recognised as other comprehensive income or equity for the year was £167,000 (2014: £(456,000)).

Fire Support (SSFR) Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

8. Taxation on (loss)/profit on ordinary activities *(continued)*

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2014: the same as) the standard rate of corporation tax in the UK of 20.25% (2014: 21.50%).

	2015 £000	2014 £000
Profit on ordinary activities before taxation	116	1
Profit on ordinary activities by rate of tax	24	—
Utilisation of tax losses	(24)	—
Tax on profit on ordinary activities	—	—

The differences are reconciled below:

Factors that may affect future tax expense

The reduction in the rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. In the budget on 8 July 2015, the Chancellor of the Exchequer announced that the UK Corporation Tax rate will reduce to 19% in 2017 and 18% in 2020. In the budget on 16 March 2016, the Chancellor announced a further reduction of 1% in the UK Corporation Tax rate to 17% from 1 April 2020. The effect of the reduction in the tax rate to 17% on the group's deferred tax asset would be to reduce the deferred tax asset by £2,000. This will also reduce the group's future current tax charge accordingly. The deferred tax asset at 31 December 2015 has been calculated based on the rate of 18% substantively enacted at the balance sheet date.

9. Profit for the year of the parent company

The profit for the financial year of the parent company was £nil (2014: £nil).

10. Investments

Company	Shares in group undertakings £000
Cost	
At 1 Jan 2015 and 31 Dec 2015	43
Impairment	
At 1 Jan 2015 and 31 Dec 2015	—
Carrying amount	
At 1 Jan 2015 and 31 Dec 2015	43

The company owns 100% of the issued share capital (£43,000) of Fire Support (SSFR) Limited, which is registered in the United Kingdom.

Fire Support (SSFR) Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

11. Debtors

	Group		Company	
	2015	2014	2015	2014
	£000	£000	£000	£000
Trade debtors	34	104	–	–
Amounts owed by subsidiary undertaking	–	–	5,889	5,889
Deferred tax asset	906	1,099	–	–
Prepayments and accrued income	472	475	–	–
Finance debtor	41,005	41,781	–	–
	<u>42,417</u>	<u>43,459</u>	<u>5,889</u>	<u>5,889</u>

The debtors above include the following amounts falling due after more than one year:

	Group		Company	
	2015	2014	2015	2014
	£000	£000	£000	£000
Amounts owed by subsidiary undertaking	–	–	5,602	5,602
Deferred tax asset	879	1,046	–	–
Finance debtor	40,169	41,000	–	–
	<u>41,048</u>	<u>42,046</u>	<u>5,602</u>	<u>5,602</u>

12. Creditors: amounts falling due within one year

	Group		Company	
	2015	2014	2015	2014
	£000	£000	£000	£000
Trade creditors	327	69	–	–
Accruals and deferred income	188	148	–	–
Other taxation	221	228	–	–
Bank loans (including accrued interest)	35,149	939	–	–
Subordinated debt (including accrued interest)	287	287	287	287
	<u>36,172</u>	<u>1,671</u>	<u>287</u>	<u>287</u>

The group undertook a refinancing exercise which completed in April 2016. The £35,051,000 senior loan facility provided by Nationwide Building Society and Norddeutsche Landesbank Girozentrale was repaid in full and a new finance senior loan facility was issued by Norddeutsche Landesbank Girozentrale, totalling £41,994,000, at LIBOR + 1.45%.

The senior facility is secured by a fixed charge over all leasehold interests, book debts, project accounts and intellectual property of the group and by a floating charge over the group's undertakings and assets.

The group also entered into a swap arrangement in April 2016 with Norddeutsche Landesbank Girozentrale in order to fix the base interest rate (LIBOR) at 1.745% on £24,709,000 to 2035.

The group also kept its existing swap arrangement with Norddeutsche Landesbank Girozentrale in order to fix the base interest rate (LIBOR) at 4.6375% on £17,285,000 to 2035.

Fire Support (SSFR) Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

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

	Group		Company	
	2015	2014	2015	2014
	£000	£000	£000	£000
Bank loan	–	35,200	–	–
Subordinated debt	5,602	5,602	5,602	5,602
Other financial instruments (note 15)	4,882	5,228	–	–
Accruals and deferred income	1,725	1,482	–	–
	<u>12,209</u>	<u>47,512</u>	<u>5,602</u>	<u>5,602</u>

Included within Bank loan is an amount repayable after five years of £nil (2014: £31,122,000) and included within subordinated debt are amounts repayable after five years of £5,602,000 (2014: £5,602,000) respectively.

At the balance sheet date bank loans relate to the senior facilities granted by Nationwide Building Society and Norddeutsche Landesbank Girozentrale. The senior facilities are for a total value of £42,450,000.

At the balance sheet date the senior loan facilities consist of four separate facilities; a change in law facility of £1,234,000 which has not yet been drawn down, a debt service reserve facility of £1,968,000 which has not yet been drawn down, a variable rate term loan facility of £19,624,000 granted by Norddeutsche Landesbank Girozentrale, and a fixed rate term loan facility of £19,624,000 granted by Nationwide Building Society. The change in law facility and debt service reserve facility are both granted by Norddeutsche Landesbank Girozentrale and Nationwide Building Society, split equally between the two lenders. The term loan facilities were repayable in forty eight six-monthly instalments ending September 2035.

Interest is charged on amounts drawn under the Norddeutsche Landesbank Girozentrale loan at LIBOR + 2.50% (2014: LIBOR + 2.50%). Interest is charged on amounts drawn under the Nationwide Building Society loan at 7.1475% (2014: 7.1475%). As at 31 December 2015 the total amount outstanding on the bank loan facilities is £35,051,000 (2014: £35,989,000).

The senior facilities are secured by a fixed charge over all leasehold interests, book debts, project accounts and intellectual property of the group and by a floating charge over the group's undertakings and assets.

Subordinated debt represents a £5,602,000 (2014: £5,602,000) unsecured subordinated loan facility due to Fire Support (SSFR) Holdings Limited. The subordinated loan facility bears interest at a fixed rate of 11% and is fully repayable by 2036.

14. Deferred tax

The deferred tax included in the group balance sheet is as follows:

	Group		Company	
	2015	2014	2015	2014
	£000	£000	£000	£000
Deferred tax on revaluation of fair value of derivatives	878	1,045	–	–
Deferred tax in relation to trading losses carried forward	28	54	–	–
	<u>906</u>	<u>1,099</u>	<u>–</u>	<u>–</u>

Fire Support (SSFR) Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

15. Financial instruments

(a) Carrying amount of financial instruments

The carrying amounts of the financial assets and liabilities include:

	2015 £000	2014 £000
Financial assets		
Financial assets measured at amortised cost - finance debtor, trade and other debtors	41,039	41,885
Financial assets measured at cost less impairment - cash and cash equivalents	<u>1,867</u>	<u>1,359</u>
Financial liabilities		
Financial liabilities measured at fair value - interest rate swap	(4,882)	(5,228)
Financial liabilities measured at amortised cost - trade and other payables, bank loan and subordinated debt	<u>(41,365)</u>	<u>(42,099)</u>

(b) Financial instruments measured at fair value

Derivative financial instruments

Market values have been used to determine the fair value of the swap arrangement.

(c) Hedge accounting

The following table indicates the periods in which the cash flows associated with the cash flow hedging instrument are expected to occur as required by FRS102.29(a) for the cash flow hedge accounting models and also the associated cash flow hedging instruments are expected to affect profit and loss:

	Carrying Amount £000	Within 1 year £000	Between 1 - 2 years £000	Between 2 - 5 years £000	5 years and over £000
31 December 2015					
Interest rate swap	<u>(4,882)</u>	<u>(648)</u>	<u>(545)</u>	<u>(1,071)</u>	<u>(1,461)</u>
31 December 2014					
Interest rate swap	<u>(5,228)</u>	<u>(704)</u>	<u>(648)</u>	<u>(1,349)</u>	<u>(1,792)</u>

The group has entered into swap arrangements with Norddeutsche Landesbank Girozentrale in order to fix the base interest rate (LIBOR) at 4.6375% on the Norddeutsche Landesbank Girozentrale loan facility to 2035. At the year end all the group's floating rate borrowings were at fixed rates after taking account of interest rate swaps.

(d) Fair values

The amounts for all financial assets and financial liabilities carried at fair value are as follows:

	2015 £000	2014 £000
Interest rate swap contract	<u>4,882</u>	<u>5,228</u>

Fire Support (SSFR) Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

16. Called up share capital

Issued, called up and fully paid

	2015		2014	
	No	£000	No	£000
Ordinary shares of £1 each	<u>43,000</u>	<u>43</u>	<u>43,000</u>	<u>43</u>

17. Reserves

Cash flow hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

18. Related party transactions

During the year the group entered into the following transactions with related parties:

	Operating expenses		Payables to	
	2015	2014	2015	2014
	£000	£000	£000	£000
BBGI Management HoldCo S.a.r.l.	60	60	15	—
BBGI Investments S.C.A.	523	523	5,006	5,006
NORD/LB Project Holding Limited	<u>1,383</u>	<u>1,417</u>	<u>18,473</u>	<u>18,952</u>

19. Controlling party

At 31 December 2015, 85% of the share capital in company was held by BBGI Investments S.C.A., with the remaining 15% held by NORD/LB Project Holding Limited.

BBGI Investments S.C.A. is wholly owned by BBGI SICAV S.A. (formerly Bilfinger Berger Global Infrastructure SICAV S.A.), a Luxembourg investment company listed on the London Stock Exchange.

BBGI SICAV S.A. is the ultimate parent undertaking and controlling party during both the years ended 31 December 2015 and 31 December 2014.

Fire Support (SSFR) Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

20. Explanation of transition to FRS 102 from old UK GAAP

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 December 2015 and the comparative information presented in these financial statements for the year ended 31 December 2014.

As stated in note 1, these are the group's first financial statements prepared in accordance with FRS 102.

Company

In the stand alone Company Financial Statements, there are two adjustments. The first adjustment is to subordinated debt payable and is due to a change in the basis of the loan interest calculation to the effective interest rate method. The effect is to increase the subordinated interest payable by £132,000 (1 January 2014: £132,000).

The second adjustment is to the subordinated debt receivable and to increase the receivable by £132,000 (1 January 2014: £132,000) at the transition date. The net effect on the opening and closing reserve and the profit or loss for the comparative years is nil.

Group

In preparing its FRS 102 balance sheet, the group has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to FRS 102 has affected the group's financial position and financial performance is set out in the following tables.

Reconciliation of equity as at 1 January 2014

	UK GAAP £000	Effect of transition to FRS 102 £000	FRS 102 £000
Current assets			
Debtors	43,062	630	43,692
Cash at bank and in hand	1,344	–	1,344
	<u>44,406</u>	<u>630</u>	<u>45,036</u>
Creditors: amounts falling due within one year	(2,155)	463	(1,692)
Net current assets	<u>42,251</u>	<u>1,093</u>	<u>43,344</u>
Creditors: amounts falling due after one year	(42,165)	(3,720)	(45,885)
Net assets / liabilities	<u>86</u>	<u>(2,627)</u>	<u>(2,541)</u>
Called up share capital	43	–	43
Cash flow hedge reserve	–	(2,357)	(2,357)
Profit and loss account	43	(270)	(227)
Shareholders' equity	<u>86</u>	<u>(2,627)</u>	<u>(2,541)</u>

Fire Support (SSFR) Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

20. Explanation of transition to FRS 102 from old UK GAAP *(continued)*

Reconciliation of equity as at 31 December 2014

	UK GAAP £000	Effect of transition to FRS 102 £000	FRS 102 £000
Current assets			
Debtors	42,376	1,083	43,459
Cash at bank and in hand	1,359	–	1,359
	<u>43,735</u>	<u>1,083</u>	<u>44,818</u>
Creditors: amounts falling due within one year	(2,135)	464	(1,671)
Net current assets	<u>41,600</u>	<u>1,547</u>	<u>43,147</u>
Creditors: amounts falling due after one year	(41,580)	(5,932)	(47,512)
Net assets / liabilities	<u>20</u>	<u>(4,385)</u>	<u>(4,365)</u>
Called up share capital	43	–	43
Cash flow hedge reserve	–	(4,182)	(4,182)
Profit and loss account	(23)	(203)	(226)
Shareholders' equity	<u>20</u>	<u>(4,385)</u>	<u>(4,365)</u>

Notes to the reconciliation of equity

a) The derivative held by the group, being an interest rate SWAP, has been recognised in the balance sheet at fair value under FRS 102. The fair value of the SWAP arrangement is £(5,228,000) (1 January 2014: £(2,947,000)). This has been accounted for as a cash flow hedge and therefore been recognised in a separate cash flow hedge reserve.

b) A deferred tax asset of £1,046,000 (1 January 2014: £589,000) has been recognised on the fair value of the SWAP arrangement within current assets. The deferred tax movement of £456,000 (1 January 2014: £589,000) on the fair value of the SWAP arrangement is taken to the cash flow hedge reserve.

c) The effective interest rate adjustment within creditors: amounts due within one year is £464,000 (1 January 2014: £450,000) of which £(704,000) (1 January 2014: £(773,000)) is included within creditors: amounts falling due after more than one year. Within the profit and loss account the effective interest rate adjustment is £242,000 (1 January 2014: £324,000).

d) The transition to FRS 102 has resulted in an increase in the deferred tax asset relating to trading losses of £nil (1 January 2014: £54,000), using the effective interest rate method. The increase in the deferred tax asset relating to trading losses has been recognised within current assets.

e) The transition to FRS 102 has resulted in a reduction of the corporation tax creditor of £nil (1 January 2014: £13,000), using the effective interest rate method. The reduction in the corporation tax creditor has been recognised within creditors: amounts due within one year.

Fire Support (SSFR) Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

20. Explanation of transition to FRS 102 from old UK GAAP (continued)

Reconciliation of Profit and Loss Account and Statement of Other Comprehensive Income for the year ended 31 December 2014

	UK GAAP £000	Effect of transition to FRS 102 £000	FRS 102 £000
Turnover	1,318	–	1,318
Operating costs	(1,280)	–	(1,280)
Operating profit	38	–	38
Other interest receivable and similar income	3,167	–	3,167
Interest payable and similar charges	(3,287)	83	(3,204)
Result before taxation	(82)	83	1
Taxation	16	(16)	–
Result for the year	(66)	67	1
Fair value movements on cashflow hedging instruments	–	(2,281)	(2,281)
Tax recognised in relation to change in fair value cash flow hedges	–	456	456
Other comprehensive income for the year	–	(1,825)	(1,825)
Total comprehensive income for the year	66	(1,758)	(1,824)

Notes to the reconciliation of profit

a) The fair value movement of £2,281,000 on the SWAP arrangement is recognised as other comprehensive income.

b) The deferred tax asset movement of £411,000 on the fair value of the SWAP arrangement is recognised as other comprehensive income.

c) Interest payable and similar charges are recognised using the effective interest rate method. The movement in the effective interest rate adjustment of £83,000 between 31 December 2014 (£241,000) and 1 January 2014 (£324,000) is taken to the profit and loss account and statement of other comprehensive income. As a result, the tax recognised on the effective interest rate adjustment of £83,000 is £17,000, using the standard rate of corporation tax in the UK.

Fire Support (SSFR) Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

21. Accounting estimates and judgements

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 on-going 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:

Accounting for the service concession contract and finance debtor requires an estimation of service margins, finance debtor interest rates and associated amortisation profile which is based on forecasted results of the PFI contract. Monthly management accounts are produced, which compare actual financial performance with a detailed financial model. Variances are investigated and consideration given to the impact of any major variances. The financial model is updated on a six monthly basis, to reflect actual performance to date and accommodate any changes in economic assumptions. These processes ensure that the project remains robust and viable throughout the life of the contract.