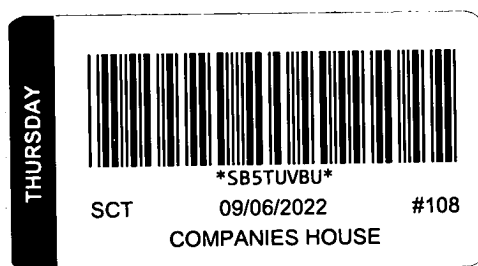


SERVICES SUPPORT (GRAVESEND) HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021



SERVICES SUPPORT (GRAVESEND) HOLDINGS LIMITED

COMPANY INFORMATION

Directors	E G Wegener C R Field S A Exell K A Cunningham
Secretary	Vercity Management Services Limited
Company number	03912689
Registered office	8 White Oak Square London Road Swanley Kent BR8 7AG
Auditor	Johnston Carmichael LLP 7-11 Melville Street Edinburgh EH3 7PE
Banker	Commerzbank AG London Branch PO Box 52715 London EC2P 2XY

SERVICES SUPPORT (GRAVESEND) HOLDINGS LIMITED

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SERVICES SUPPORT (GRAVESEND) HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors present their annual report and audited financial statements for the year ended 31 December 2021.

The Directors' report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006, and according to these provisions a strategic report has not been prepared.

Principal activities

The principal activity of the Company is the holding of an investment in Services Support (Gravesend) Limited.

The principal activity of the Group is to design, build, finance and operate a firearms and public order training facility in Gravesend, Kent on behalf of the Mayor's Office for Policing and Crime.

Financial close was achieved on 20 April 2001. The concession period is 27 years. The completion certificate for the initial construction works was received on 27 March 2003.

There have not been any significant changes in the Company's or Group's principal activities in the year under review.

Directors

The Directors who held office during the year and up to the date of signature of the financial statements were as follows:

E G Wegener
C R Field
S A Exell
K A Cunningham

Results and dividends

The Group's results for the year are set out on page 9.

Ordinary dividends were paid amounting to £816,000 (2020: £1,611,000). The Directors do not recommend payment of a final dividend.

Qualifying third party indemnity provisions

The Group 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.

Political donations

The Group made no political donations or incurred any political expenditure during the year.

Financial risk management objectives and policies

Liquidity risk

The Group manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the Group has sufficient liquid resources to meet the operating needs of the business. At the start of the PFI contract, the Group negotiated debt facilities with an external party to ensure that the Group has sufficient funds over the life of the PFI concession.

Interest rate risk

The Group's borrowings expose it to cash flow risk primarily due to the financial risks of changes in interest rates. The Group uses interest rate swaps to manage the risk and reduce its exposure to changes in interest rates.

SERVICES SUPPORT (GRAVESEND) HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Credit risk

The Group's principal financial assets are cash, financial assets and trade and other receivables. The Group's credit risk is primarily attributable to its trade receivables which are with one counterparty, although in the opinion of the board of directors this risk is limited as the receivables are with a local government authority.

Lifecycle Risk

Lifecycle expenditure is the main risk to the Group. The risk being that the allowance for lifecycle costs factored into the financial model is insufficient to cover future lifecycle expenditure, thus resulting in lower profitability and reduced distributions. This is mitigated by regular lifecycle reviews undertaken by the management services provider and a detailed lifecycle review performed every five years.

COVID-19 risk

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

Climate change risk

The Group has considered whether it is exposed to additional risks as a result of climate change and has identified that there is an increased risk of coastal flooding and of a winter storm impacting the asset. The Group actively seeks to reduce the risk of impacts of climate change on the asset where possible. No other climate risks were identified that would significantly impact the Group. This is primarily due to nature of the operations of the project, where the majority of work is performed by sub-contractors who are responsible for the associated risks. Whilst, the Group is subject to SPV costs through the provision and maintenance of facilities including, for instance, heating systems, the group's contractual protections are expected to protect the group from changes in law that result in any longer term pricing risk associated with climate change.

Future developments

The Directors are not aware, at the date of this report, of any major changes in the Group's activities in the next year.

Going concern

The Directors have prepared cash flow forecasts which indicate that, taking account of severe but plausible downsides, the Group will have sufficient funds to meet its liabilities as they fall due. Further information of the Directors' assessment including the consideration of the impact of COVID-19 is contained within note 1.2.

Taking into account reasonable possible risks in operations to the Group, the fact the obligations of the Group's sole customer are underwritten by the Mayor's Office for Policing and Crime, the Directors have a reasonable expectation that the Group will be able to settle its liabilities as they fall due to the foreseeable future. It is therefore appropriate to prepare these financial statements on the going concern basis.

Auditor

Johnston Carmichael LLP were appointed as auditor to the Group and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

SERVICES SUPPORT (GRAVESEND) HOLDINGS LIMITED

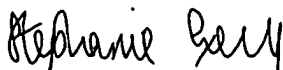
DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Statement of disclosure 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 company's auditor is unaware; and each director has taken all the steps that he/ she ought to have taken as a director to make himself/ herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



S A Exell

Director

13 May 2022

SERVICES SUPPORT (GRAVESEND) HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT IN RESPECT OF DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they have elected to prepare the group and parent company 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 parent company and of its profit or loss for that period. In preparing the each of the group and parent company financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and parent company's transactions and disclose with reasonable accuracy at any time the financial position of the group and parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

SERVICES SUPPORT (GRAVESEND) HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SERVICES SUPPORT (GRAVESEND) HOLDINGS LIMITED

Opinion

We have audited the financial statements of Service Support (Gravesend) Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the 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 FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2021 and of the group's 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's 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's and 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.

SERVICES SUPPORT (GRAVESEND) HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SERVICES SUPPORT (GRAVESEND) HOLDINGS LIMITED

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 parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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

- adequate accounting records have not been kept 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; or
- the company is entitled to claim exemption in preparing a strategic report due to it being a member of an ineligible group.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement are set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit is 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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below.

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.

SERVICES SUPPORT (GRAVESEND) HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SERVICES SUPPORT (GRAVESEND) HOLDINGS LIMITED

We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and parent company, focusing on provisions of those laws and regulations 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 Accounting Standards, including Financial Reporting Standard FRS 102;
- UK Companies Act; and
- UK Corporation taxes legislation.

We gained an understanding of how the group and 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 any relevant correspondence with regulatory bodies and board meeting minutes.

We assessed the susceptibility of the group and parent company'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. In areas of the financial statements where the risks were considered to be higher, we performed procedures to address each identified risk.

The following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

- Reviewing minutes of meetings of those charged with governance;
- Reviewing the level of and reasoning behind the group and parent company's procurement of legal and professional services;
- Performing analytical procedures to identify any unusual or unexpected relationships; and
- 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.

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 are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

SERVICES SUPPORT (GRAVESEND) HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SERVICES SUPPORT (GRAVESEND) HOLDINGS LIMITED

Use of our report

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

Johnston Carmichael LLP

Allison Dalton (Senior Statutory Auditor)
For and on behalf of Johnston Carmichael LLP

13 May 2022

Chartered Accountants
Statutory Auditor

7-11 Melville Street
Edinburgh
EH3 7PE

SERVICES SUPPORT (GRAVESEND) HOLDINGS LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £'000	2020 £'000
Turnover	3	7,871	8,328
Cost of sales		(5,940)	(6,095)
Gross profit		1,931	2,233
Interest receivable and similar income	7	1,850	2,016
Interest payable and similar expenses	8	(1,290)	(1,641)
Profit before taxation		2,491	2,608
Taxation	9	(1,636)	(1,260)
Profit for the financial year		855	1,348
Other comprehensive income			
Cash flow hedges loss reclassified to profit or loss		(893)	(927)
Cash flow hedges gain arising in the year		2,194	1,334
Fair value adjustments reclassified to profit or loss		7	11
Deferred tax relating to other comprehensive income	9	(156)	(12)
Total comprehensive income for the year		2,007	1,754

The group statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

The accompanying notes form part of the financial statements.

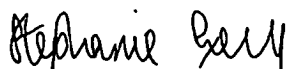
SERVICES SUPPORT (GRAVESEND) HOLDINGS LIMITED

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021 £'000	£'000	2020 £'000	£'000
Current assets					
Debtors falling due after more than one year	14	18,273		20,980	
Debtors falling due within one year	14	4,287		7,145	
Cash at bank and in hand		6,029		2,982	
		<u>28,589</u>		<u>31,107</u>	
Creditors: amounts falling due within one year	15	<u>(4,911)</u>		<u>(6,581)</u>	
Net current assets			23,678		24,526
Creditors: amounts falling due after more than one year	17		(17,411)		(20,033)
Provisions for liabilities					
Deferred tax liability	18	<u>2,218</u>	<u>(2,218)</u>	<u>1,635</u>	<u>(1,635)</u>
Net assets			<u>4,049</u>		<u>2,858</u>
Capital and reserves					
Called up share capital	19		250		250
Hedging reserve			(1,161)		(2,313)
Profit and loss reserves			4,960		4,921
Total shareholders' funds			<u>4,049</u>		<u>2,858</u>

The financial statements were approved by the board of directors and authorised for issue on 13 May 2022 and are signed on its behalf by:



S A Exell
Director

SERVICES SUPPORT (GRAVESEND) HOLDINGS LIMITED

COMPANY BALANCE SHEET

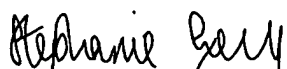
AS AT 31 DECEMBER 2021

	Notes	2021 £'000	2020 £'000
Fixed assets			
Investments	11	250	250
Current assets			
Debtors falling due after one year	14	1,923	1,926
Debtors falling due within one year	14	3	4
		<u>1,926</u>	<u>1,930</u>
Creditors: amounts falling due within one year	15	<u>(3)</u>	<u>(4)</u>
Net current assets		1,923	1,926
Total assets less current liabilities		2,173	2,176
Creditors: amounts falling due after more than one year	17	(1,923)	(1,926)
Net assets		<u>250</u>	<u>250</u>
Capital and reserves			
Called up share capital	19	250	250
Total equity		<u>250</u>	<u>250</u>

As permitted by s408 Companies Act 2006, the Company has not presented its own profit and loss account and related notes. The Company's profit for the year was £816,000 (2020: £1,611,000).

The accompanying notes form part of the financial statements.

The financial statements were approved by the board of directors and authorised for issue on 13 May 2022 and are signed on its behalf by:



S A Exell
Director

13 May 2022

Company Registration No. 03912689

SERVICES SUPPORT (GRAVESEND) HOLDINGS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Share capital £'000	Hedging reserve £'000	Profit and loss reserves £'000	Total £'000
Balance at 1 January 2020		250	(2,719)	5,184	2,715
Year ended 31 December 2020:					
Profit for the year		-	-	1,348	1,348
Other comprehensive income:					
Cash flow hedges gains reclassified to profit or loss		-	(927)	-	(927)
Cash flow hedges gains		-	1,334	-	1,334
Fair value adjustments reclassified to profit or loss		-	11	-	11
Deferred tax relating to other comprehensive income		-	(12)	-	(12)
Total comprehensive income for the year		-	406	1,348	1,754
Dividends	10	-	-	(1,611)	(1,611)
Balance at 31 December 2020		250	(2,313)	4,921	2,858
Year ended 31 December 2021:					
Profit for the year		-	-	855	855
Other comprehensive income:					
Cash flow hedges gains reclassified to profit or loss		-	(893)	-	(893)
Cash flow hedges gains		-	2,194	-	2,194
Fair value adjustments reclassified to profit or loss		-	7	-	7
Deferred tax relating to other comprehensive income		-	(156)	-	(156)
Total comprehensive income for the year		-	1,152	855	2,007
Dividends	10	-	-	(816)	(816)
Balance at 31 December 2021		250	(1,161)	4,960	4,049

The accompanying notes form part of the financial statements.

SERVICES SUPPORT (GRAVESEND) HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Called up share capital £'000	Profit and loss reserves £'000	Total £'000
Balance at 1 January 2020		250	-	250
Year ended 31 December 2020:				
Profit and total comprehensive income for the year		-	1,611	1,611
Dividends	10	-	(1,611)	(1,611)
Balance at 31 December 2020		250	-	250
Year ended 31 December 2021:				
Profit and total comprehensive income for the year		-	816	816
Dividends	10	-	(816)	(816)
Balance at 31 December 2021		250	-	250

The accompanying notes form part of the financial statements.

SERVICES SUPPORT (GRAVESEND) HOLDINGS LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £'000	£'000	2020 £'000	£'000
Cash flows from operating activities					
Cash generated from operations	22		7,866		5,873
Income taxes paid			(489)		(1,159)
Net cash inflow from operating activities			7,377		4,714
Investing activities					
Interest received		3		31	
Net cash generated from investing activities			3		31
Financing activities					
Interest paid		(1,346)		(1,483)	
Repayment of bank loans		(2,171)		(1,777)	
Dividends paid to equity shareholders		(816)		(1,611)	
Net cash used in financing activities			(4,333)		(4,871)
Net increase/(decrease) in cash and cash equivalents			3,047		(126)
Cash and cash equivalents at beginning of year			2,982		3,108
Cash and cash equivalents at end of year			6,029		2,982

The accompanying notes form part of the financial statements.

SERVICES SUPPORT (GRAVESEND) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

Services Support (Gravesend) Holdings Limited is a private company limited by shares domiciled in the United Kingdom, incorporated in Great Britain and registered in England and Wales. The registered number is 03912689 and the registered office is 8 White Oak Square, London Road, Swanley, Kent, BR8 7AG.

The Group consists of Services Support (Gravesend) Holdings Limited and its subsidiary, Services Support (Gravesend) Limited.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the group. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared on the historical cost convention, modified to include certain financial instruments at fair value, and in accordance with FRS 102. The principal accounting policies adopted are set out below.

As permitted by s408 Companies Act 2006, the Company has not presented its own profit and loss account and related notes. The Company's profit for the year was £816,000 (2020: £1,611,000).

The parent company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;

1.2 Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertaking drawn up to 31 December each year. The subsidiary has a year ended of 31 December 2021.

SERVICES SUPPORT (GRAVESEND) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.3 Going concern

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors have prepared cash flow forecasts covering a period of 20 months from the date of approval of these financial statements, through to 31 December 2023, which indicate that, taking account of severe but plausible downsides, the Group will have sufficient funds to meet its liabilities as they fall due for that period. Those forecasts are dependent on the underlying customer continuing to meet its obligations under the Project Agreement which are underwritten by the Mayor's Office for Policing and Crime.

In making this assessment the Directors have considered the potential impact of the emergence and spread of COVID-19.

The Group's operating cash inflows are largely dependent on unitary charge receipts receivable from the Metropolitan Police Authority and the Directors expect these amounts to be received even in severe but plausible downside scenarios.

The Group continues to provide the asset in accordance with the contract and is available to be used. As a result, the Group does not believe there is any likelihood of a material impact to the unitary payment.

The Directors have assessed the viability of its main sub-contractors and reviewed the contingency plans of the sub-contractors and are satisfied in their ability to provide the services in line with the contract without significant additional costs to the Group, even in downside scenarios, due to the underlying contractual terms. To date, there has been no adverse impact on the services provided by the Group or its sub-contractors arising from COVID-19. However, in the unlikely event of a subcontractor failure, the Group has its own business continuity plans to ensure that service provision will continue.

The Directors believe the Group has sufficient funding in place and expect the Group to be in compliance with its debt covenants even in severe but plausible downside scenarios.

Consequently, the Directors are confident that the Group and the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

1.4 Turnover

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Income received in respect of the service concession is allocated between revenue and capital repayment of, and interest income on, the PFI financial asset using the effective interest rate method. Service revenue is recognised as a margin on non-pass-through operating and maintenance costs.

SERVICES SUPPORT (GRAVESEND) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Pass through income represents the direct pass through of recoverable costs, as specified in the Project Agreement. The Group acts like a principal in this arrangement as it bears the significant risks and rewards associated with the service.

Variation income relates to the recharge of costs incurred for the alteration of the facilities or the services provided, requested by the Authority.

Interest receivable and similar income relates to investment income and interest income on the PFI asset.

Interest payable and similar expenses relates to interest on bank borrowings and loans from parent undertakings.

Interest income and interest payable is accounted for through the profit and loss as they accrue on the effective interest rate basis.

1.5 Fixed asset investments

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Investments are held at cost less impairment.

1.6 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities. Included in cash in hand is restricted cash of £224,000.

1.7 Financial instruments

The Group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Group's balance sheet when the Group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the balance sheet, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors, cash and bank balances and other financial assets, 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. Financial assets classified as receivable within one year are not amortised.

SERVICES SUPPORT (GRAVESEND) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Service Concession

The group is an operator Public Finance Initiative ("PFI") contract. The group entered into a project agreement (the "contract") with the Metropolitan Police Authority ("The Authority") to design, build, finance, operate and maintain a firearms and public order training facility. The contract negotiations were successfully completed in 11th April 2001 and construction commenced immediately. The project has been fully operational since 27th January 2003. The concession period is for 27 years, during this period the group has contracted to provide hard and soft services to the Authority. The group has passed these obligations down to subcontractors respectively via subcontracts. The obligation to provide major maintenance works (lifecycle) is undertaken by Bouygues E&S FM UK Limited, however, the risk that the costs exceed those forecast in the financial model is borne by the group. Lifecycle costs borne by the group are recognised as they are incurred and estimated over the remaining contract period. The contract entitles the Authority to a share of the profits of the company if the anticipated cumulative shareholder return exceeds 20%, calculated in March each year. The Authority are entitled to terminate the Contract at anytime by giving 20 days written notice. If the Authority exercise this right they are liable to pay the group compensation as set out in the Contract, which would include the senior debt, redundancy costs and all amounts shown in the base financial model as payable by the SPV from the date of termination, either in dividends or other distributions on the share capital of the SPV or as payments of interest or repayments of principal on the Subordinated Debt, each amount discounted back at the base financial model post tax blended IRR for share capital or subordinated debt from the date on which it is shown to be payable in the base financial model to the termination date.

As the group entered into the contract prior to the date of transition to FRS102, the group has taken advantage of the exemption in section 35.10 (i) of FRS102 which permits it to continue to account for the service concession arrangements under the accounting policies adopted under old UK GAAP. In particular, 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.

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 the Authority pay the group a fixed Unitary Charge payment, as determined in the Contract, that is inflated by RPI each year. 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 FRS102 section 23. The group recognises revenue in respect of the services provided, including lifecycle services, 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.

SERVICES SUPPORT (GRAVESEND) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets 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. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

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

Basic financial liabilities, including creditors, bank loans, 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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. The effective interest method is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instruments.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts 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 creditors 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 profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

SERVICES SUPPORT (GRAVESEND) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when the Group's contractual obligations expire or are discharged or cancelled.

1.8 Equity instruments

Equity instruments issued by the Group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Group.

1.9 Derivatives

Hedge accounting

The Group has entered into interest rate swaps and designated these as cash flow hedges.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item along with risk management objectives and strategy for undertaking various hedge transactions. At the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income.

The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line in this item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in the profit or loss in the same line as of the income statement as the recognised hedged item. However when the forecast transaction that is hedged results in the recognition of a non-financial asset or liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability concerned.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the group statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

SERVICES SUPPORT (GRAVESEND) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the substantively enacted tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

2 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with FRS102 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.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Service concession arrangement

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 service concession contract. Lifecycle costs are a significant proportion of future expenditure and costs related to the hand-back of the asset at the end of the concession. Given the length of the Group's service concession contract, the forecast of lifecycle costs is subject to significant estimation uncertainty and changes in the amount and timing of expenditure could have material impacts. As a result, there is a significant level of judgement applied in estimating future lifecycle costs. To reduce the risk of misstatement, future estimates of lifecycle expenditure are prepared by maintenance experts on an asset by asset basis and periodic technical evaluations of the physical condition of the facilities are undertaken. In addition, comparisons of actual expenditure are compared to the lifecycle forecast. If lifecycle costs cumulatively over the remainder of concession increase by 5% the impact on revenue and profit in the year would be a decrease in revenue of £15,554 and a reduction in Profit of £15,554.

SERVICES SUPPORT (GRAVESEND) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

3 Turnover and other revenue

An analysis of the Group's turnover is as follows:

	2021 £'000	2020 £'000
Turnover		
Service income	5,234	5,516
Passthrough income	2,637	2,812
	<u>7,871</u>	<u>8,328</u>

Turnover analysed by geographical market

	2021 £'000	2020 £'000
United Kingdom	<u>7,871</u>	<u>8,328</u>

4 Auditor's remuneration

	2021 £'000	2020 £'000
Fees payable to the Group's auditor and associates:		
For audit services		
Audit of the financial statements of the Company	-	2
Audit of the Company's subsidiaries	13	14
	<u>13</u>	<u>16</u>

Auditor's remuneration is payable to Johnston Carmichael LLP (2020: KPMG LLP).

5 Employees

The Group had no employees during the current or prior year.

6 Directors' remuneration

The Group is managed by secondees from the shareholders under a management services contract.

£150,000 was paid for director's services (not paid to directors' individually) by the Group during the year (2020 - £149,000).

SERVICES SUPPORT (GRAVESEND) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

7 Interest receivable and similar income

	2021 £'000	2020 £'000
Interest income		
Interest on bank deposits	1	18
Other interest income	1,849	1,999
	<u>1,850</u>	<u>2,016</u>
Total income	<u>1,850</u>	<u>2,016</u>

8 Interest payable and similar expenses

	2021 £'000	2020 £'000
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	1,066	1,410
Interest payable to group undertakings	217	218
Finance costs for financial instruments measured at fair value through profit or loss	7	13
	<u>1,290</u>	<u>1,641</u>
Total finance costs	<u>1,290</u>	<u>1,641</u>

9 Taxation

	2021 £'000	2020 £'000
Current tax		
UK corporation tax on profits for the current period	791	803
Adjustments in respect of prior periods	(28)	426
Tax losses surrendered to Parent entities	-	2
	<u>763</u>	<u>1,231</u>
Total current tax	<u>763</u>	<u>1,231</u>
Deferred tax		
Origination and reversal of timing differences	873	29
	<u>873</u>	<u>29</u>
Total tax charge	<u>1,636</u>	<u>1,260</u>

For the year ended 31 December 2021, the UK rate of 19% (2020: 19%) is applied.

SERVICES SUPPORT (GRAVESEND) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

9 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2021 £'000	2020 £'000
Profit before taxation	2,491	2,608
Expected tax charge based on a corporation tax rate in the UK of 19.00% (2020: 19.00%)	473	496
Tax effect of expenses that are not deductible in determining taxable profit	192	182
Adjustments in respect of prior years	(28)	(363)
Effect of change in corporation tax rate	626	155
Tax relating to prior year adjustments recognised in profit or loss	373	790
Tax expense for the year	1,636	1,260

In addition to the amount charged to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2021 £'000	2020 £'000
Deferred tax arising on:		
Revaluation of financial instruments treated as cash flow hedges	156	12

10 Dividends

	2021 £'000	2020 £'000
Interim paid	816	1,611
	816	1,611

Interim dividend of £3.26 (2020 - £6.44) paid per £1 share.

11 Fixed asset investments

	Notes	Group 2021 £'000	2020 £'000	Company 2021 £'000	2020 £'000
Investments in subsidiaries	12	-	-	250	250

SERVICES SUPPORT (GRAVESEND) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

11 Fixed asset investments (Continued)

Movements in fixed asset investments Company

Shares in
subsidiaries
£'000

Cost or valuation

At 1 January 2021 and 31 December 2021

250

Carrying amount

At 31 December 2021

250

At 31 December 2020

250

12 Subsidiaries

Details of the Company's subsidiaries at 31 December 2021 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Services Support (Gravesend) Limited	8 White Oak Square, London Road, Swanley, Kent, UK BR8 7AG	Design, build, finance and operate firearms and public order training facility in Gravesend	Ordinary Shares	100

The cost of the investments was £250,000 (2020 - £250,000).

13 Financial instruments

	Group 2021 £'000	2020 £'000	Company 2021 £'000	2020 £'000
Carrying amount of financial assets				
Debt instruments measured at amortised cost	20,591	25,212	1,926	1,930
Assets measured at cost less impairment	1,126	1,097	-	-
Carrying amount of financial liabilities				
Measured at fair value and designated in an effective hedging relationship	1,539	2,840	-	-
Measured at amortised cost	16,494	19,318	1,926	1,930
Measured at cost less impairment	871	1,411	-	-

SERVICES SUPPORT (GRAVESEND) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

14 Debtors

	Group	2020	Company	2020
	2021		2021	
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade debtors	1,126	1,097	-	-
Corporation tax recoverable	100	555	-	-
Financial asset	2,705	2,019	-	-
Other financial assets	-	3,046	-	-
Amounts due from subsidiary undertaking	-	-	3	4
Prepayments and accrued income	356	428	-	-
	<u>4,287</u>	<u>7,145</u>	<u>3</u>	<u>4</u>
Amounts falling due after one year:				
Amounts due from subsidiary undertakings	-	-	1,923	1,926
Financial asset	17,886	20,147	-	-
Deferred tax asset (note 18)	387	833	-	-
	<u>18,273</u>	<u>20,980</u>	<u>1,923</u>	<u>1,926</u>
Total debtors	<u>22,560</u>	<u>28,125</u>	<u>1,926</u>	<u>1,930</u>

Other financial assets include amounts held within deposit accounts with a maturity of not less than three months from the initial deposit.

15 Creditors: amounts falling due within one year

	Notes	Group	2020	Company	2020
		2021		2021	
		£'000	£'000	£'000	£'000
Bank loans	16	1,317	2,233	-	-
Trade creditors		603	1,160	-	-
Gross amounts owed to contract customers		104	104	-	-
Amounts owed to parent undertakings	16	3	4	3	4
Corporation tax payable		-	181	-	-
Other taxation		268	251	-	-
Accruals and deferred income		2,616	2,648	-	-
		<u>4,911</u>	<u>6,581</u>	<u>3</u>	<u>4</u>

SERVICES SUPPORT (GRAVESEND) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

16 Loans and overdrafts

	Group 2021 £'000	2020 £'000	Company 2021 £'000	2020 £'000
Bank loans	15,266	17,500	-	-
Loans from parent undertaking	1,926	1,930	1,926	1,930
	<u>17,192</u>	<u>19,430</u>	<u>1,926</u>	<u>1,930</u>
Payable within one year	1,320	2,237	3	4
Payable after one year	<u>15,872</u>	<u>17,193</u>	<u>1,923</u>	<u>1,926</u>
Amounts included above which fall due after five years:				
Payable by instalments	-	367	-	-
Payable other than by instalments	<u>3,806</u>	<u>1,906</u>	<u>1,903</u>	<u>1,906</u>
	<u>3,806</u>	<u>2,273</u>	<u>1,903</u>	<u>1,906</u>

Bank loans

The Group has a £51.0 million facility provided by a syndicate of banks in order to finance the construction of the project. The loan is repayable in instalments based on an agreed percentage amount of the total facility per annum until the final repayment date on 31 January 2026.

Interest on the facilities is charged at rates linked to six months' LIBOR. The Group has entered into fixed rate swaps to mitigate its interest rate exposure. The fixed interest on the facility, after taking into account the swap, including all margins, during the operations phase is 6.803%.

Subordinated debt

Amounts owed to parent undertaking comprises of loans of £1,926,000 (2020: £1,930,000). The loans are subject to interest rates at an agreed arms length rate of 12% per annum and are repayable by 2028 in line with the loan agreements.

SERVICES SUPPORT (GRAVESEND) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

17 Creditors: amounts falling due after more than one year

		Group		Company	
	Notes	2021	2020	2021	2020
		£'000	£'000	£'000	£'000
Loans and overdrafts	16	13,949	15,267	1,923	1,926
Loans from parent undertaking		1,923	1,926	-	-
Derivative financial instruments	13	1,539	2,840	-	-
		<u>17,411</u>	<u>20,033</u>	<u>1,923</u>	<u>1,926</u>

Derivative Financial Instruments

The swaps have a fixed interest rate of 5.8725% and expire in 10 years. The interest rate swaps settle on a semi-annual basis. The floating rate on the interest rate swaps is six months' Libor. The Group will settle the difference between the fixed and floating interest rate on a net basis.

The cashflows on loan and interest rate swaps are paid semi-annually on 31 January and 31 July each year and expire on 31 January 2026.

All interest rate swap contracts are designated as hedges of variable interest rate risk of the Group's floating rate borrowings. The hedged cash flows are expected to occur and to affect profit or loss over the period to maturity of the interest rate swaps.

The fair value of the derivative financial instrument above comprise the fair value of the interest rate swap designed in the effective hedging relationship which has been determined by reference to the future cash flows of the transaction. The decrease in fair value of the interest rate swap that was recognised in other comprehensive income in the period was £2,194,000 (2020 £1,334,000), with £893,000 recycled to the P&L in the year (2020: £927,000).

Following the FCA's announcement that LIBOR will no longer be published after 31 December 2021, the Group has applied the December 2019 Amendments to FRS 102: Interest rate benchmark reform. The amendments provide relief in applying the requirements of hedge accounting to certain hedges, including allowing the Group to assume that interest rate benchmarks on which hedged cash flows are based (e.g. LIBOR) will not be altered as a result of interest rate benchmark reform. Consequently, hedging relationships that may have otherwise been impacted by interest rate benchmark reform have remained in place and no additional ineffective portion of the hedge has been recognised. The Group has taken advantage of these amendments in relation to the LIBOR interest rate noted above. The transition from LIBOR has not yet occurred, but is expected to occur prior to 30 June 2022.

SERVICES SUPPORT (GRAVESEND) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

18 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances for financial reporting purposes:

	Liabilities 2021 £'000	Liabilities 2020 £'000	Assets 2021 £'000	Assets 2020 £'000
Group				
Profit and Loss:				
Accelerated capital allowances	1,925	1,635	-	-
Tax losses	293	-	-	290
Other Comprehensive Income:				
Deferred tax on interest rate swap fair value	-	-	387	543
	<u>2,218</u>	<u>1,635</u>	<u>387</u>	<u>833</u>

The Company has no deferred tax assets or liabilities.

	Group 2021 £'000	Company 2021 £'000
Movements in the year:		
Liability at 1 January 2021	802	-
Charge to profit or loss	873	-
Other	156	-
Liability at 31 December 2021	<u>1,831</u>	<u>-</u>

The deferred tax asset in relation to the interest rate swap liability is expected to affect profit or loss over the period to maturity of the interest rate swap.

SERVICES SUPPORT (GRAVESEND) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

19 Share capital

	Group and company	
	2021	2020
	£'000	£'000
Ordinary share capital		
Issued and fully paid		
250,000 Ordinary shares of £1 each	250	250
	<u>250</u>	<u>250</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Other Reserves

The Group's other reserves are as follows:

The profit and loss reserve represents cumulative profits or losses.

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.

20 Related party transactions

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

	2021	2020
	£'000	£'000
Group		
Amalie PFI (UK) Limited - Loan note principal	109	109
Amalie Infrastructure Limited - Loan note interest	50	50
Palio (No 1) Limited - Loan note interest	59	59
Infrastructure Investments Limited Partnership - Directors fees	112	109
Palio (No 1) Limited - Directors fees	37	36
	<u>367</u>	<u>363</u>

SERVICES SUPPORT (GRAVESEND) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

20 Related party transactions

(Continued)

The following amounts were outstanding at the reporting end date:

	Amounts owed to related parties	
	2021 £'000	2020 £'000
Amalie PFI (UK) Limited - Loan note principal	904	904
Amalie Infrastructure Limited - Loan note principal	415	415
Palio (NO 1) Limited - Loan note principal	490	490
Amalie PFI (UK) Limited - Loan note interested	45	45
Amalie Infrastructure Limited - Loan note interested	21	21
Palio (No 1) Limited - Loan note interest	25	25
Infrastructure Investments Partners Limited - Directors fees	112	425
Palio (No 1) Limited - Directors fees	1	37
	<u>2,013</u>	<u>2,362</u>

The following amounts were outstanding at the reporting end date:

	Amounts owed by related parties	
	2021 £'000	2020 £'000
Service Support (Gravesend) Limited - Loan note principal	1,835	1,930
Service Support (Gravesend) Limited - Loan note interest	91	-
	<u>1,926</u>	<u>1,930</u>

No guarantees have been given or received.

The company is owned 50% by Amalie PFI (UK) and 22.92% by Amalie Infrastructure Limited, both of which are an indirect subsidiary company of Infrastructure Investments Limited Partnership and 27.08% by Palio (No1) Limited, a subsidiary company of Craighouse UK 3 Ltd.

21 Controlling party

The ultimate parent undertaking is HICL Infrastructure Plc, a company listed on the London Stock Exchange and registered at One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL.

SERVICES SUPPORT (GRAVESEND) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

22 Cash generated from group operations

	2021 £'000	2020 £'000
Profit for the year after tax	855	1,348
Adjustments for:		
Taxation charged	1,636	1,260
Finance costs	1,290	1,641
Investment income	(1,850)	(2,016)
Movements in working capital:		
Decrease in debtors	6,506	4,301
(Decrease) in creditors	(571)	(661)
Cash generated from operations	7,866	5,873

23 Analysis of changes in net debt - group

	1 January 2021 £'000	Cash flows £'000	Other non- cash changes £'000	31 December 2021 £'000
Cash at bank and in hand	2,982	3,047	-	6,029
Borrowings excluding overdrafts	(19,430)	2,175	62	(17,193)
Derivatives relating to debt	(2,840)	1,301	-	(1,539)
	<u>(19,288)</u>	<u>6,523</u>	<u>62</u>	<u>(12,703)</u>