

Company registration number 04157149 (England and Wales)

**PYRAMID ACCOMMODATION SERVICES (CORNWALL) LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2023**

# **PYRAMID ACCOMMODATION SERVICES (CORNWALL) LIMITED**

## **COMPANY INFORMATION**

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<b>Directors</b>	JS Gordon MT Smith CT Solley ID Lamerton J McDonagh	(Appointed 30 June 2023)
<b>Secretary</b>	Resolis Limited	
<b>Company number</b>	04157149	
<b>Registered office</b>	1 Park Row Leeds United Kingdom LS1 5AB	
<b>Auditor</b>	Johnston Carmichael LLP 7-11 Melville Street Edinburgh EH3 7PE	

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# **PYRAMID ACCOMMODATION SERVICES (CORNWALL) LIMITED**

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# **PYRAMID ACCOMMODATION SERVICES (CORNWALL) LIMITED**

## **STRATEGIC REPORT**

***FOR THE YEAR ENDED 31 MARCH 2023***

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The directors present the strategic report for the year ended 31 March 2023.

These financial statements have been prepared under FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

### **Company objectives**

Pyramid Accommodation Services (Cornwall) Limited undertakes a Private Finance Initiative (PFI) concession contract to design, build, refurbish, finance and operate fire stations for Cornwall Council.

### **Review of the business**

In the reporting year, the company made a profit of £270,000 (2022: loss of £295,000). The results for the year are set out on page 10.

The company's operations are managed under the supervision of its shareholders and lenders and are largely determined by the detailed terms of the PFI contract with the Authority and the subcontracts with Mitie FM Limited which supplies the construction and fabric replacement service and Sodexo Limited who supply facilities management and maintenance services throughout the life of the concession. For this reason, the company's directors believe that no other key performance indicators apart from profit are necessary or appropriate for an understanding of the performance or position of the business.

Directors do not anticipate a change in the company's activity for the foreseeable future.

The directors, in preparing this Strategic Report, have complied with s414C of the Companies Act 2006.

The company was incorporated in Great Britain and registered in England and Wales. The company is domiciled in the United Kingdom.

### **Principal risks and uncertainties**

The company's principal activity as detailed above is risk averse as its trading relationships with its customer, funders and sub-contractors are determined by the terms of their respective detailed PFI contracts. One of the risks of the company is that services may not be able to continue due to the financial failure of one of the company's subcontractors. The financial stability of the facilities management and management services companies are being monitored. Its main exposure is to financial risks as detailed in the following section.

One of the risks of the company is that services may not be able to continue due to the financial failure of one of the company's subcontractors. The financial stability of the construction company is being monitored. The directors have reviewed the benchmarking information on the lifecycle contract fee and are comfortable that this is a market rate which would enable replacement of the contractor for a similar fee.

# **PYRAMID ACCOMMODATION SERVICES (CORNWALL) LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2023**

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### **Financial risk management**

The company has exposures to a variety of financial risks which are managed with the purpose of minimising any potential adverse effect on the company's performance.

The board has policies for managing each of these risks and they are summarised below:

#### **Interest rate risk**

The company hedged its interest rate risk at the inception of the project by swapping its variable rate debt into fixed rate by the use of an interest rate swap. Interest is recognised on the accruals basis at the appropriate date.

#### **Inflation risk**

The company hedged its inflation risk at the inception of the project by entering into RPI linked contracts for services provided to the Local Authority and for services received for facilities management.

#### **Liquidity risk**

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

#### **Credit risk**

The company receives the bulk of its revenue from a Local Authority and therefore is not exposed to significant credit risk. Cash investments, interest rate swap arrangement and inflation swap arrangements are with institutions of a suitable credit quality.

#### **Ownership**

In the directors' opinion there is no controlling party. At the balance sheet date the ultimate parent companies who jointly control the company are PPP Equity PIP LP (acting by its General Partner Dalmore Capital 6 GP Limited and its manager Dalmore Capital Limited), and Aberdeen Infrastructure Partners LP Inc acting by its manager abrdn Investments Limited.

#### **Going concern**

The directors have prepared a detailed model forecast to project completion incorporating the relevant terms of the PFI contract, subcontracts and Credit Agreement and reasonably prudent economic assumptions. This forecast and associated business model, which is updated regularly, predicts that the company will remain profitable and will have sufficient cash resources to operate within the terms of the PFI contract, Subcontract and Credit agreement. Therefore, the directors, having considered the financial position of the company and its expected future cash flows, for at least 12 months from the date of signing the accounts, and have prepared the financial statements on a going concern basis. The directors confirm that they do not intend to liquidate the company or cease trading as they consider they have realistic alternatives to doing so.

The directors confirm the completeness of the information provided regarding events and conditions relating to going concern at the date of approval of the financial statements, including plans for future actions.

On behalf of the board

CT Solley  
**Director**

28 September 2023

# **PYRAMID ACCOMMODATION SERVICES (CORNWALL) LIMITED**

## **DIRECTORS' REPORT**

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

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

The information that fulfils the Companies Act requirements of the business review is included in the Strategic Report. This includes a review of the development of the business of the company during the year, of its position at the end of the year and the likely future developments in its business.

#### **Results and dividends**

The results for the year are shown in the Profit and Loss Account is at Page 10. Ordinary dividends were paid amounting to £- (2022: £243,455). The directors do not propose the payment of a final dividend and no dividends have been paid following the year end.

#### **Directors**

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

JS Gordon	
PK Johnstone	(Resigned 30 June 2023)
MT Smith	
CT Solley	
ID Lamerton	
J McDonagh	(Appointed 30 June 2023)

JS Gordon resigned on 30 June 2023 and was reappointed on 30 June 2023. JS Gordon held office at the date the financial statements were signed.

#### **Post reporting date events**

There are no post balance sheet events to declare.

#### **Auditor**

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

#### **Strategic report**

The information that fulfils the Companies Act requirements of the business review is included in the strategic report. This includes a review of the development of the business of the group during the year, of its position at the end of the year and of the likely future developments in its business.

Information related to the going concern assumptions and subsequent events is included in the strategic report.

Details of the principal risk and uncertainties are included in the strategic report.

#### **Environment**

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

#### **Employees**

The company has no direct employees (2022: none).

# **PYRAMID ACCOMMODATION SERVICES (CORNWALL) LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 MARCH 2023***

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### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

CT Solley  
**Director**

28 September 2023

# **PYRAMID ACCOMMODATION SERVICES (CORNWALL) LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 MARCH 2023***

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The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.
- State whether applicable United Kingdom Accounting standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the Annual Report and financial statements.

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



# **PYRAMID ACCOMMODATION SERVICES (CORNWALL) LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF PYRAMID ACCOMMODATION SERVICES (CORNWALL) LIMITED**

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#### **Opinion**

We have audited the financial statements of Pyramid Accommodation Services (Cornwall) Limited (the 'company') for the year ended 31 March 2023 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the 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 Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

#### **Basis for opinion**

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

#### **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 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 auditors' 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.

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

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

# **PYRAMID ACCOMMODATION SERVICES (CORNWALL) LIMITED**

## **INDEPENDENT AUDITORS' REPORT (CONTINUED)**

### **TO THE MEMBERS OF PYRAMID ACCOMMODATION SERVICES (CORNWALL) LIMITED**

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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

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

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.

## **PYRAMID ACCOMMODATION SERVICES (CORNWALL) LIMITED**

### **INDEPENDENT AUDITORS' REPORT (CONTINUED)**

#### **TO THE MEMBERS OF PYRAMID ACCOMMODATION SERVICES (CORNWALL) LIMITED**

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

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

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

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

- Revenue recognition; and
- Management override of controls.

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

- Recalculating the unitary charge received by taking the base charge per the project agreement and uplifting for RPI;
- Agreeing a sample of months' income receipts to invoice and bank statements;
- Performing an assessment on the service margins used in the year and agreeing margins used to the active financial models;
- Reconciling the finance income and amortisation to the finance debtor reconciliation to ensure allocation methodology is in line with contractual terms and relevant accounting standards;
- Reviewing minutes of meetings of those charged with governance for reference to: breaches of laws and regulation or for any indication of any potential litigation and claims; and events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud;
- Reviewing the level of and reasoning behind the company's procurement of legal and professional services;
- Performing audit work procedures over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing judgements made by management in their calculation of accounting estimates for potential management bias;
- Completion of appropriate checklists and use of our experience to assess the company's compliance with the Companies Act 2006; and
- Agreement of the financial statement disclosures to supporting documentation.

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

# **PYRAMID ACCOMMODATION SERVICES (CORNWALL) LIMITED**

## **INDEPENDENT AUDITORS' REPORT (CONTINUED)**

### **TO THE MEMBERS OF PYRAMID ACCOMMODATION SERVICES (CORNWALL) LIMITED**

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#### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with 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 auditors' 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.

**Grant Roger**  
**Senior Statutory Auditor**  
**For and on behalf of Johnston Carmichael LLP**

29 September 2023

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

7-11 Melville Street  
Edinburgh  
EH3 7PE

## **PYRAMID ACCOMMODATION SERVICES (CORNWALL) LIMITED**

### **PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 31 MARCH 2023**

	Notes	2023 £'000	2022 £'000
<b>Turnover</b>	<b>3</b>	1,212	1,043
Cost of sales		(704)	(717)
<b>Gross profit</b>		508	326
Administrative expenses		(231)	(258)
<b>Operating profit</b>		277	68
Interest receivable and similar income	<b>6</b>	384	415
Interest payable and similar expenses	<b>7</b>	(308)	(316)
<b>Profit before taxation</b>		353	167
Tax on profit	<b>8</b>	(83)	(462)
<b>Profit/(loss) for the financial year</b>		270	(295)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

# **PYRAMID ACCOMMODATION SERVICES (CORNWALL) LIMITED**

## **STATEMENT OF COMPREHENSIVE INCOME**

***FOR THE YEAR ENDED 31 MARCH 2023***

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<b>Profit/(loss) for the year</b>	270	(295)
	<b>==</b>	<b>==</b>
<b>Other comprehensive income</b>		
Fair value movement on derivatives	129	216
Deferred tax relating to other comprehensive income	(32)	(31)
	<b>==</b>	<b>==</b>
<b>Other comprehensive income for the year</b>	97	185
	<b>==</b>	<b>==</b>
<b>Total comprehensive income for the year</b>	367	(110)
	<b>==</b>	<b>==</b>

# **PYRAMID ACCOMMODATION SERVICES (CORNWALL) LIMITED**

## **BALANCE SHEET**

**AS AT 31 MARCH 2023**

		2023		2022	
	Notes	£'000	£'000	£'000	£'000
<b>Current assets</b>					
Debtors falling due after more than one year	10	4,090		4,793	
Debtors falling due within one year	10	779		955	
Cash at bank and in hand		1,356		788	
		<u>6,225</u>		<u>6,536</u>	
<b>Creditors: amounts falling due within one year</b>	12	(1,077)		(1,031)	
<b>Net current assets</b>			5,148		5,505
<b>Creditors: amounts falling due after more than one year</b>	13		(2,740)		(3,409)
<b>Provisions for liabilities</b>					
Deferred tax liability	14	1,034	(1,034)	1,089	(1,089)
<b>Net assets</b>			<u>1,374</u>		<u>1,007</u>
<b>Capital and reserves</b>					
Called up share capital	15		4		4
Hedging reserve	16		(23)		(120)
Profit and loss reserves	17		1,393		1,123
<b>Total equity</b>			<u>1,374</u>		<u>1,007</u>

The financial statements were approved by the board of directors and authorised for issue on 28 September 2023 and are signed on its behalf by:

CT Solley  
Director

Company Registration No. 04157149

# **PYRAMID ACCOMMODATION SERVICES (CORNWALL) LIMITED**

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

		Share capital	Hedging reserve	Profit and loss reserves	Total
	Notes	£'000	£'000	£'000	£'000
<b>Balance at 1 April 2021</b>		4	(305)	1,661	1,360
<b>Year ended 31 March 2022:</b>					
Loss for the year		-	-	(295)	(295)
Other comprehensive income:					
Cash flow hedges gains		-	216	-	216
Tax relating to other comprehensive income		-	(31)	-	(31)
Total comprehensive income for the year		-	185	(295)	(110)
Dividends	9	-	-	(243)	(243)
<b>Balance at 31 March 2022</b>		4	(120)	1,123	1,007
<b>Year ended 31 March 2023:</b>					
Profit for the year		-	-	270	270
Other comprehensive income:					
Cash flow hedges gains		-	129	-	129
Tax relating to other comprehensive income		-	(32)	-	(32)
Total comprehensive income for the year		-	97	270	367
<b>Balance at 31 March 2023</b>		4	(23)	1,393	1,374



# **PYRAMID ACCOMMODATION SERVICES (CORNWALL) LIMITED**

## **STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 31 MARCH 2023**

		2023		2022	
	Notes	£'000	£'000	£'000	£'000
<b>Cash flows from operating activities</b>					
Cash generated from operations	20		1,062		581
Interest paid			(239)		(248)
Income taxes paid			(43)		(67)
<b>Net cash inflow from operating activities</b>			<u>780</u>		<u>266</u>
<b>Investing activities</b>					
Interest received		384		415	
<b>Net cash generated from investing activities</b>			<u>384</u>		<u>415</u>
<b>Financing activities</b>					
Repayment of bank loans		(596)		(517)	
Dividends paid		-		(243)	
<b>Net cash used in financing activities</b>			<u>(596)</u>		<u>(760)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>			<u>568</u>		<u>(79)</u>
Cash and cash equivalents at beginning of year			<u>788</u>		<u>867</u>
<b>Cash and cash equivalents at end of year</b>			<u><u>1,356</u></u>		<u><u>788</u></u>

# **PYRAMID ACCOMMODATION SERVICES (CORNWALL) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2023**

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### **1 Accounting policies**

#### **Company information**

Pyramid Accommodation Services (Cornwall) Limited is a private company limited by shares incorporated in England and Wales. The registered office is 1 Park Row, Leeds, United Kingdom, LS1 5AB.

#### **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 company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared on a going concern basis under the historical cost convention. The principal accounting policies adopted are set out below.

#### **1.2 Going concern**

The directors have prepared a detailed model forecast to project completion incorporating the relevant terms of the PFI contract, subcontracts and Credit Agreement and reasonably prudent economic assumptions. This forecast and associated business model, which is updated regularly, predicts that the company will remain profitable and will have sufficient cash resources to operate within the terms of the PFI contract, Subcontract and Credit agreement. Therefore, the directors, having considered the financial position of the company and its expected future cash flows for at least 12 months from the date of signing the accounts, have prepared the financial statements on a going concern basis. The directors confirm that they do not intend to liquidate the company or cease trading as they consider they have realistic alternatives to doing so. At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### **1.3 Accounting for PFI contracts**

In prior years the company took advantage of exemptions made available under section 35 10 (i) of FRS 102, and as such there has been no substantial change to the treatment of the financial asset receivable due to the adoption of the standard.

Under the terms of the contract, substantially all the risks and rewards of ownership of the property remain with Cornwall Council ("the Council").

During the period of construction, costs incurred as a direct consequence of financing, designing and constructing the schools, including finance costs, are capitalised and shown as work in progress. On completion of the construction, credit is taken for the deemed sale, which is recorded within turnover. The construction expenditure and associated costs are reallocated to cost of sales. Amounts receivable are classified as a financial asset receivable (PFI debtor).

Revenues received from the customer are apportioned between:

- capital repayments;
- finance income; and
- operating revenue.

# PYRAMID ACCOMMODATION SERVICES (CORNWALL) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 1 Accounting policies

(Continued)

#### 1.4 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 within cash and cash equivalents are amounts that are required to be held in reserve accounts, under the credit agreement, at calculation dates (March and September). At 31 March 2023 the amount required to be held in reserve accounts was £647,000 (2022: £590,000).

#### 1.5 Financial instruments

The company 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 company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, 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 and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **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 company after deducting all of its liabilities.

##### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans and loans from fellow group companies are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future 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.

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.

#### 1.6 Equity instruments

Equity instruments issued by the company 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 company.

#### 1.7 Taxation

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

# **PYRAMID ACCOMMODATION SERVICES (CORNWALL) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2023**

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### **1 Accounting policies**

**(Continued)**

#### ***Current tax***

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account 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 company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

#### ***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 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 when the company has 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.

# **PYRAMID ACCOMMODATION SERVICES (CORNWALL) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2023**

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### **2 Judgements and key sources of estimation uncertainty**

The preparation of the 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 result 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.

Critical judgements in applying the company's accounting policies

- Derivative financial instruments are held at fair value.
- Applicability of hedge accounting.

Key sources of estimation uncertainty

- Accounting for the service concession contract and finance asset require an estimation of service margins, finance asset's interest rate and associated amortisation profile which is based on forecast results of the PFI contract.

#### **Critical judgements**

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

#### ***Derivative financial instruments***

The company holds derivative financial instruments which have the effect of fixing the interest rate payable on bank borrowings. Amounts payable or receivable in respect of interest rate derivatives are recognised as adjustments to interest over the period of the contract. See hedge accounting below for how the derivative is accounted for.

#### ***Hedge accounting***

The company designates certain derivatives as hedging instruments in cash flow hedges.

At the inception of the hedge relationship, the entity documents the economic relationship between the hedging instrument and the hedged item, along with its risk management objectives, and clear identification of the risk in the hedged item that is being hedged by the hedging instrument. Furthermore, at the inception of the hedge the entity determines and documents causes for hedge ineffectiveness. Where hedge accounting recognises a liability then an associated deferred tax asset is also recognised.

#### ***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. Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods in which the hedged item affects profit or loss or when the hedging relationship ends.

Hedge accounting is discontinued when the entity revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time is reclassified to profit or loss when the hedged item is recognised in profit or loss. When a forecast transaction is no longer expected to occur, any gain or loss that was recognised in other comprehensive income is reclassified immediately to profit or loss.

#### **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.

# PYRAMID ACCOMMODATION SERVICES (CORNWALL) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 2 Judgements and key sources of estimation uncertainty

(Continued)

#### **Service concessions**

The company has been established to provide services under certain private finance agreements with Cornwall Council. Under the terms of these Agreements, the Council (as grantor) controls the services to be provided by the company over the contract term. Based on the contractual arrangements, the company has classified the project as a service concession arrangement, and has accounted for the principal assets, of and income streams from, the project in accordance with FRS 102, Section 34.12 Service Arrangements.

The company has chosen to adopt the transitional arrangements available within FRS 102, Section 35.10 (i) and as such the service concession arrangement has continued to be accounted for using the same accounting policies being applied at the date of transition to FRS 102 (1 March 2014). The nature of the asset has therefore not changed.

Under the terms of the arrangement, the company has the right to receive a baseline contractual payment stream for the provision of the services from or at the direction of the grantor (the Council), and as such the asset is accounted for as a financial asset. The financial asset has initially been recognised at the fair value of the consideration received, based on the fair value of the construction (or upgrade) services, plus any directly attributable transaction costs, provided in line with FRS 102.

Revenue is recognised from the supply of services, which represents the timing of services provide under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable.

### 3 Turnover and other revenue

	2023	2022
	£'000	£'000
Turnover analysed by class of business		
Unitary charge income	789	877
Passthrough income	367	138
Third party income	56	28
	<u>1,212</u>	<u>1,043</u>

Turnover is attributable to one geographical market, the United Kingdom.

### 4 Auditors' remuneration

	2023	2022
	£'000	£'000
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the company and parent borne by the subsidiary	21	18
	<u>21</u>	<u>18</u>
<b>For other services</b>		
Taxation compliance services	4	4
	<u>4</u>	<u>4</u>

Auditors remuneration is payable to Johnston Carmichael LLP.

# **PYRAMID ACCOMMODATION SERVICES (CORNWALL) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2023**

### **5 Employees**

The average monthly number of persons (including directors) employed by the company during the year was: nil (2022: nil).

### **6 Interest receivable and similar income**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<b>Interest income</b>		
Interest on bank deposits	8	-
Interest receivable on financial asset	376	415
	<u>          </u>	<u>          </u>
Total income	384	415
	<u>          </u>	<u>          </u>

### **7 Interest payable and similar expenses**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<b>Interest on financial liabilities measured at amortised cost:</b>		
Senior debt interest	90	32
Subordinated loan stock	149	137
	<u>          </u>	<u>          </u>
	239	169
<b>Other finance costs:</b>		
Interest payable on derivative financial instruments	69	143
Amortisation of issue costs	-	4
	<u>          </u>	<u>          </u>
	308	316
	<u>          </u>	<u>          </u>

### **8 Taxation**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<b>Current tax</b>		
UK corporation tax on profits for the current period	139	91
Adjustments in respect of prior periods	-	(42)
	<u>          </u>	<u>          </u>
Total current tax	139	49
	<u>          </u>	<u>          </u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(56)	413
	<u>          </u>	<u>          </u>
Total tax charge	83	462
	<u>          </u>	<u>          </u>

# PYRAMID ACCOMMODATION SERVICES (CORNWALL) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 8 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:

	2023 £'000	2022 £'000
Profit before taxation	353	167
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2022: 19.00%)	67	32
Tax effect of expenses that are not deductible in determining taxable profit	110	-
Tax effect of income not taxable in determining taxable profit	(37)	-
Adjustments in respect of prior years	-	(42)
Deferred tax adjustments in respect of prior years	-	(3)
Capital allowances in excess of depreciation	-	(37)
Contract income posted directly to balance sheet	-	98
Deferred tax timing difference, origination and reversal	(44)	152
Remeasurement of deferred tax for changes in tax rates	(13)	262
Taxation charge for the year	83	462

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:

	2023 £'000	2022 £'000
Deferred tax arising on:		
Revaluation of financial instruments treated as cash flow hedges	32	31

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

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

### 9 Dividends

	2023 £'000	2022 £'000
Dividend paid on ordinary shares	-	243



# **PYRAMID ACCOMMODATION SERVICES (CORNWALL) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2023**

### **10 Debtors**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<b>Amounts falling due within one year:</b>		
Trade debtors	46	262
Finance Debtor - due within 1 year	679	580
Other debtors	-	9
Prepayments and accrued income	54	95
	<u>779</u>	<u>946</u>
Deferred tax asset (note 14)	-	9
	<u>779</u>	<u>955</u>

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<b>Amounts falling due after more than one year:</b>		
Finance Debtor - due after more than 1 year	4,082	4,762
Deferred tax asset (note 14)	8	31
	<u>4,090</u>	<u>4,793</u>

<b>Total debtors</b>	<b>4,869</b>	<b>5,748</b>
	<u>4,869</u>	<u>5,748</u>

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Finance debtor at beginning of year	5,342	6,263
Amortisation	(581)	(921)
	<u>4,761</u>	<u>5,342</u>

### **11 Financial instruments**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<b>Carrying amount of financial liabilities</b>		
Measured at fair value through profit or loss		
- Derivative financial instruments	30	159
	<u>30</u>	<u>159</u>

# PYRAMID ACCOMMODATION SERVICES (CORNWALL) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 12 Creditors: amounts falling due within one year

	2023 £'000	2022 £'000
Bank loans	574	527
Trade creditors	21	104
Corporation tax	98	3
Other taxation and social security	80	53
Derivative financial instruments	-	34
Accruals and deferred income	304	310
	<u>1,077</u>	<u>1,031</u>

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

	2023 £'000	2022 £'000
Bank loans and overdrafts	1,374	1,948
Other borrowings	1,100	1,100
Derivative financial instruments	30	125
Accruals and deferred income	236	236
	<u>2,740</u>	<u>3,409</u>

The subordinated loan payable bears interest at a fixed rate of 13.5% and is repayable over the life of the contract.

The secured senior loan represents amounts borrowed under a facility agreement with Sumitomo Mitsui Banking Corporation (SMBC). The loan bears interest at a 0.95% margin over SONIA and is repayable in instalments between 2003 and 2026.

The loan is secured by fixed and floating charges over the property, assets and rights of the company, and has certain covenants attached.

The subordinated loan stock represents amounts borrowed under loan note agreements with the shareholders. The loan notes bear interest at a rate of 13.5% per annum (compound equivalent to 6.54% semi-annual). The loan notes are repayable in March 2028.

In order to hedge against interest variations on the senior secured loan, the company has entered into an interest rate swap agreement with a bank whereby at monthly intervals sums are exchanged reflecting the difference between floating and fixed interest rates, calculated on a predetermined notional principal amount. (See note 16).

# PYRAMID ACCOMMODATION SERVICES (CORNWALL) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 14 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2023 £'000	Liabilities 2022 £'000	Assets 2023 £'000	Assets 2022 £'000
<b>Balances:</b>				
Accelerated capital allowances	-	(2)	-	-
Deferred receipts under contract	1,034	1,091	-	-
Derivative financial instruments	-	-	8	40
	<u>1,034</u>	<u>1,089</u>	<u>8</u>	<u>40</u>
<b>Movements in the year:</b>				<b>2023 £'000</b>
Liability at 1 April 2022				1,049
Credit to profit or loss				(56)
Charge to other comprehensive income				33
Liability at 31 March 2023				<u>1,026</u>

The timing differences giving rise to deferred tax liabilities are expected to reverse over the entire remaining concession period, in line with the accounting amortisation of the finance debtor asset and the utilisation of tax losses.

### 15 Share capital

	2023 Number	2022 Number	2023 £'000	2022 £'000
<b>Ordinary share capital Issued and fully paid</b>				
Ordinary shares of £1 each	4,000	4,000	4	4
	<u>4,000</u>	<u>4,000</u>	<u>4</u>	<u>4</u>

### 16 Hedging reserve

	2023 £'000	2022 £'000
At the beginning of the year	(120)	(305)
Fair value movement on interest swap liability	129	216
Tax on gains and losses on cash flow hedges	(32)	(31)
At the end of the year	<u>(23)</u>	<u>(120)</u>

## PYRAMID ACCOMMODATION SERVICES (CORNWALL) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

#### 16 Hedging reserve

(Continued)

On the 25 April 2001 the company entered into a twenty four and a half years fixed interest rate swap arrangement to hedge exposure on its senior secured loan to the effect of interest rate fluctuations.

One swap was affected on a notional amount of £8,198,231 at a fixed rate of 5.83% payable bi-annually between 30 September 2003 and 30 September 2025.

The interest rate swap contract is designated as a hedge of variable interest rate risk of the company'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 swap.

The fair value of the interest rate swap liability in the current and prior years has been determined by Bank of Ireland who have used relevant market data to determine their valuations.

#### 17 Profit and loss reserves

	2023 £'000	2022 £'000
At the beginning of the year	1,123	1,661
Profit/(loss) for the year	270	(295)
Dividends declared and paid in the year	-	(243)
At the end of the year	1,393	1,123

# PYRAMID ACCOMMODATION SERVICES (CORNWALL) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 18 Related party transactions

At the year end PPP Equity PIP LP was due £550,000 (2022: £550,000) for subordinated debt. During the year the company was charged £74,000 (2022: £69,000) for subordinated debt interest of which £36,000 (2022: £41,000) was outstanding at the year end. The company received directors services from PPP Equity PIP LP of £39,000 (2022: £35,000) of which £nil (2022: £7,000) was outstanding at the year end. During the year dividends we paid to PPP Equity PIP LP of £nil (2022: £122,000).

At the year end Aberdeen Infrastructure Partners LP was due £550,000 (2022: £550,000) for subordinated debt. During the year the company was charged £74,000 (2022: £69,000) for subordinated debt interest of which £36,000 (2022: £41,000) was outstanding at the year end. The company received directors services from Aberdeen Infrastructure Partners LP of £39,000 (2022: £34,000) of which £39,000 (2022: £35,000) was outstanding at the year end. During the year dividends we paid to Aberdeen Infrastructure Partners LP of £nil (2022: £122,000).

### 19 Ultimate controlling party

Pyramid Accommodation Services (Cornwall) Holdings Limited is regarded by the directors as being the company's ultimate parent company. The financial statements of Pyramid Accommodation Services (Cornwall) Holdings Limited can be accessed at the registered office: 1 Park Row, Leeds, United Kingdom, LS1 5AB.

At the balance sheet date the company was jointly controlled by Browning PFI Holdings Limited and Aberdeen Infrastructure (No.3) Limited. The ultimate parent companies who jointly control the company are PPP Equity PIP LP (acting through its General Partner, Dalmore Capital 6 GP Limited, and its manager Dalmore Capital Limited) and Aberdeen Infrastructure Partners L.P. Inc. (acting by its General Partner, Aberdeen Infrastructure Finance GP Ltd and its manager abrdn Investments Ltd).

### 20 Cash generated from operations

	2023 £'000	2022 £'000
Profit/(loss) for the year after tax	270	(295)
<b>Adjustments for:</b>		
Taxation charged	83	462
Finance costs	308	316
Investment income	(384)	(415)
Decrease in provisions	-	(3)
<b>Movements in working capital:</b>		
Decrease in debtors	847	356
(Decrease)/increase in creditors	(62)	160
<b>Cash generated from operations</b>	<b>1,062</b>	<b>581</b>

# **PYRAMID ACCOMMODATION SERVICES (CORNWALL) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2023**

### **21 Analysis of changes in net debt**

	1 April 2022	Cash flows	Market value movements	31 March 2023
	£'000	£'000	£'000	£'000
Cash at bank and in hand	788	568	-	1,356
Borrowings excluding overdrafts	(3,584)	530	-	(3,054)
Derivatives relating to debt	(159)		129	(30)
	<u>(2,955)</u>	<u>1,098</u>	<u>129</u>	<u>(1,728)</u>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.