

INVESTORS IN THE COMMUNITY (BEXLEY SCHOOLS) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022



INVESTORS IN THE COMMUNITY (BEXLEY SCHOOLS) LIMITED

COMPANY INFORMATION

Directors	JS Gordon KA Cunningham RM Baxter	(Appointed 8 June 2022)
Secretary	Resolis Limited	
Company number	04365057	
Registered office	Watling House 5th Floor 33 Cannon Street London EC4M 5SB	
Independent auditor	Johnston Carmichael LLP Bishop's Court 29 Albyn Place Aberdeen AB10 1YL	

INVESTORS IN THE COMMUNITY (BEXLEY SCHOOLS) LIMITED

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INVESTORS IN THE COMMUNITY (BEXLEY SCHOOLS) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2022

The directors present their annual report and financial statements for the year ended 31 July 2022.

Principal activities

The principal activity of the Company is the design, construction and facilities management operation of two schools under a private finance initiative ("PFI") with the London Borough of Bexley.

The construction works were completed on Welling School and Bexleyheath School in May 2005 and October 2005 respectively and full operational services commenced thereafter. The directors are not aware, at the date of this report, of any changes in the Company's activities in the period.

The directors have reviewed the activities of the business for the 12 month period as at 31 July 2022 and consider them to be satisfactory.

The concession is due to expire in 2030; the Company intends to continue to comply with its obligations under the PFI agreement until this date.

Results and dividends

The trading results for the year ended 31 July 2022 and the Company's financial position as at 31 July 2022 are shown in the attached financial statements.

During the period, dividends were paid totalling £100,000 (2021: £472,768).

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

KA Cunningham

CR Field

RM Baxter

(Resigned 7 January 2022)

(Appointed 8 June 2022)

Financial instruments

Inflation risk

The Company's revenue is based on a fixed price contract, subject to adjustments for retail price index increases. Therefore, profit margins are susceptible to inflation rate fluctuations. In order to manage this risk, the Company has ensured that costs are fixed wherever possible. In addition, under the terms of the contracts with the sub-contractor, certain costs will be periodically reviewed, usually by means of benchmarking, with possibilities of price reductions being agreed in the future. In addition, in most cases, contractual costs will be subject to retail price index increases.

Operational risk

The management operations of the schools are subcontracted out. Significant risks are passed down to the key subcontractors within limits set out as liability caps. However, contractual default by these subcontractors or losses/deductions reaching the liability caps would transfer the risks back to the Company.

Under the PFI project agreement with the London Borough of Bexley, any general change in law risk is transferred to the Company. However, some risks are passed on to subcontractors. For example, during the construction phase this risk was passed down to building subcontractors and, during the services phase, this risk is transferred to the facility providers' subcontractors under the facilities management contract.

Credit/Liquidity risk

The Company's income and ability to meet its liabilities is dependent on the long term PFI contract with the London Borough of Bexley Council. There have been no issues in the year with payments from the Authority.

INVESTORS IN THE COMMUNITY (BEXLEY SCHOOLS) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2022

Strategic report

The Company has taken advantage of the exemption, under section 414B of the Companies Act 2006, from preparing a strategic report for the financial year.

Auditor

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

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.

Going concern

The shareholder's funds at 31 July 2022 show a surplus of £458,508 (2021: £125,760). The directors have reviewed the financial projections and cash flow covering a period of not less than 12 months from the date of approval of the financial statements and consider it appropriate to prepare the accounts on a going concern basis.

Key performance indicators

The Company's management produces comparisons of actual cash flows against forecast cash flows from the finance model and analyse any fluctuations.

The Directors believe that there are no other key performance indicators that require disclosure for an understanding of the development, performance or position of the business.

On behalf of the board



.....
KA Cunningham
Director

17 / 02 / 2023

Date:

INVESTORS IN THE COMMUNITY (BEXLEY SCHOOLS) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 JULY 2022

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.

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.

INVESTORS IN THE COMMUNITY (BEXLEY SCHOOLS) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF INVESTORS IN THE COMMUNITY (BEXLEY SCHOOLS) LIMITED

Opinion

We have audited the financial statements of Investors in the Community (Bexley Schools) Limited (the 'company') for the year ended 31 July 2022 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in 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 company's affairs as at 31 July 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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 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.

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

INVESTORS IN THE COMMUNITY (BEXLEY SCHOOLS) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF INVESTORS IN THE COMMUNITY (BEXLEY SCHOOLS) LIMITED

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 directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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 directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

INVESTORS IN THE COMMUNITY (BEXLEY SCHOOLS) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF INVESTORS IN THE COMMUNITY (BEXLEY SCHOOLS) LIMITED

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 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.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the 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:

- FRS 102
- Companies Act 2006
- Corporation Tax legislation
- 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 submitted returns and board meeting minutes.

We assessed the susceptibility of the 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 for any 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; 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.

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.

INVESTORS IN THE COMMUNITY (BEXLEY SCHOOLS) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF INVESTORS IN THE COMMUNITY (BEXLEY SCHOOLS) LIMITED

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Johnston Carmichael LLP

Jenny Junnier (Senior Statutory Auditor)
For and on behalf of Johnston Carmichael LLP

20 / 02 / 2023
Date:

Chartered Accountants
Statutory Auditor

Bishop's Court
29 Albyn Place
Aberdeen
AB10 1YL

INVESTORS IN THE COMMUNITY (BEXLEY SCHOOLS) LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JULY 2022

		12 months ended 31 July 2022 £	13 months ended 31 July 2021 £
	Notes		
Turnover	3	3,771,951	3,548,855
Cost of sales		(2,902,619)	(2,788,046)
Gross profit		869,332	760,809
Administrative expenses		(493,878)	(401,910)
Operating profit		375,454	358,899
Interest receivable and similar income		1,258,869	1,478,092
Interest payable and similar expenses	6	(1,100,168)	(1,307,586)
Profit before taxation		534,155	529,405
Tax on profit	7	(101,407)	(100,587)
Profit for the financial year		432,748	428,818

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

INVESTORS IN THE COMMUNITY (BEXLEY SCHOOLS) LIMITED

BALANCE SHEET

AS AT 31 JULY 2022

	Notes	2022 £	£	2021 £	£
Non-current and current assets					
Debtors falling due after more than one year	9	15,810,076		17,444,525	
Debtors falling due within one year	9	1,744,843		2,369,855	
Cash at bank and in hand		3,867,191		2,666,857	
		21,422,110		22,481,237	
Creditors: amounts falling due within one year	10	(9,854,944)		(9,383,759)	
Net current assets		11,567,166		13,097,478	
Creditors: amounts falling due after more than one year	11	(11,108,658)		(12,971,718)	
Net assets		458,508		125,760	
Capital and reserves					
Called up share capital	13	5,000		5,000	
Share premium account	14	5,000		5,000	
Profit and loss reserves	15	448,508		115,760	
Total equity		458,508		125,760	

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 17 / 02 / 2023 and are signed on its behalf by:



KA Cunningham
Director

Company Registration No. 04365057

INVESTORS IN THE COMMUNITY (BEXLEY SCHOOLS) LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JULY 2022

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 June 2020		5,000	5,000	159,710	169,710
Period ended 31 July 2021:					
Profit and total comprehensive income for the period		-	-	428,818	428,818
Dividends	8	-	-	(472,768)	(472,768)
Balance at 31 July 2021		5,000	5,000	115,760	125,760
Year ended 31 July 2022:					
Profit and total comprehensive income for the year		-	-	432,748	432,748
Dividends	8	-	-	(100,000)	(100,000)
Balance at 31 July 2022		5,000	5,000	448,508	458,508

INVESTORS IN THE COMMUNITY (BEXLEY SCHOOLS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2022

1 Accounting policies

Company information

Investors in the Community (Bexley Schools) Limited is a private company limited by shares incorporated in England and Wales. The registered office is Watling House, 5th Floor, 33 Cannon Street, London, EC4M 5SB.

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") Section 1A small entities 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 £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

Under FRS 102 Section 1A the Company has taken exemptions from disclosing; a Statement of Cashflows, financial instruments and key management personnel.

1.2 Going concern

The shareholder's funds at 31 July 2022 show a surplus of £458,508 (2021: surplus of £125,760). The directors have reviewed the forecast for a period of at least 12 months from the date of signing the accounts and believe that the financial position will continue to strengthen in the future and therefore consider that it is appropriate to prepare these financial statements on a going concern basis.

The Directors have reviewed the Company's projected profits and cash flows by reference to a financial model covering accounting periods up to October 2030.

The Company's operating cash inflows are largely dependent on unitary charge receipts receivable from London Borough of Bexley. These have been received as expected to date and the Directors expect these amounts to be received even in severe but plausible downside scenarios.

The Company has built and provides two properties for leasing in accordance with the Project Agreement (PA) and is available to be used. As a result, the Company 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 Company, even in downside scenarios, due to the underlying contractual terms.

1.3 Finance debtor and revenue recognition

The Company has taken the transition exemption in FRS 102 section 35.10(i) that allows the Company to continue the service concession arrangement accounting policies from previous UK GAAP. The Company is accounting for the concession asset on the basis that all risks and rewards of ownership are substantially transferred to the customer. Consequently, the costs incurred by the Company on the design and construction of the assets have been treated as a finance debtor within these financial statements.

INVESTORS IN THE COMMUNITY (BEXLEY SCHOOLS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2022

1 Accounting policies

(Continued)

1.4 Revenue recognition

All turnover and profit on ordinary activities before taxation originates in the UK.

The Company recognises income in respect of the services provided as it fulfils its contractual obligations in respect of those services and in line with the fair value of the consideration receivable in respect of those services. Service income is recognised as a margin of operating and maintenance costs. Major maintenance costs are recognised on an incurred basis and the revenue receivable in respect of these services is recognised when the services are performed.

1.5 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.

The Company is obligated to keep cash reserves at the balance sheet date in respect of requirements in the Company's funding agreements. The restricted cash balance, which is shown with the "cash at bank and in hand" and "Other investments" balances amounts to £3,159,154 (2021: £2,415,852) as at the balance sheet date.

1.6 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, loans from fellow group companies and preference shares that are classified as debt, 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.

INVESTORS IN THE COMMUNITY (BEXLEY SCHOOLS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2022

1 Accounting policies

(Continued)

1.7 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.

1.8 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 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.

1.9 Lifecycle

The Company is responsible for the lifecycle costs associated with its principal activity, however risk here is mitigated by passing on lifecycle risk to a third party facilities management company. Lifecycle costs are accounted for on an accruals basis in line with indicative lifecycle works program or lifecycle tracker as used by all parties through the operating phase of concession period with any underspend included within accruals and creditors due less than one year.

1.10 Dividends

Dividends to the Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the shareholders. These amounts are recognised in the statement of changes in equity.

INVESTORS IN THE COMMUNITY (BEXLEY SCHOOLS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2022

2 Judgements and key sources of estimation uncertainty

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

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

Accounting for the service contracts and finance receivables requires estimation of service margins, finance receivable interest rates and finance receivable amortisation profile which is based on forecasted results of the PFI contract.

3 Turnover and other revenue

	2022 £	2021 £
Turnover analysed by class of business		
Service income	3,653,216	3,452,686
Other income	118,735	96,169
	<u>3,771,951</u>	<u>3,548,855</u>
Interest receivable and similar income		
Finance debtor interest	1,256,186	1,474,000
Bank interest	2,683	4,092
	<u>1,258,869</u>	<u>1,478,092</u>

All turnover originates in the United Kingdom.

In addition to the amounts disclosed as turnover above, the Company acts as the invoicing conduit for a number of transactions where the Company bears no risk or reward and the transactions are "pass through costs" where the Company generated a £nil profit (2021: £nil). The cost of these items have been excluded from the turnover stated above as the directors consider this reflects the substance of the transactions. The total value of these pass through costs in the period were £220,658 (2021: £236,644).

4 Employees

The Company had no employees during the year and directors received no emoluments.

5 Directors' remuneration

The directors, who are key management personnel, received £nil (2021: £nil) in respect of their services to the Company during the period.

INVESTORS IN THE COMMUNITY (BEXLEY SCHOOLS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2022

6 Interest payable and similar expenses

	2022 £	2021 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	693,435	865,589
Interest payable to group undertakings	369,692	400,105
	<u>1,063,127</u>	<u>1,265,694</u>
Other finance costs:		
Bank fees payable	14,501	17,474
Amortisation of issue costs	22,540	24,418
	<u>37,041</u>	<u>41,892</u>
	<u><u>1,100,168</u></u>	<u><u>1,307,586</u></u>

7 Taxation

	2022 £	2021 £
Current tax		
UK corporation tax on profits for the current period	101,407	100,587
	<u><u>101,407</u></u>	<u><u>100,587</u></u>

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:

	2022 £	2021 £
Profit before taxation	<u>534,155</u>	<u>529,405</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	101,489	100,587
Adjustments in respect of previous periods	(82)	-
Taxation charge for the year	<u><u>101,407</u></u>	<u><u>100,587</u></u>

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

INVESTORS IN THE COMMUNITY (BEXLEY SCHOOLS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2022

8 Dividends

	2022 £	2021 £
Dividend paid on ordinary shares	100,000	472,768

9 Debtors

Amounts falling due within one year:	2022 £	2021 £
Trade debtors	86,702	740,177
Finance Debtor - due within 1 year	1,634,179	1,526,738
Prepayments and accrued income	23,962	102,940
	<u>1,744,843</u>	<u>2,369,855</u>

Amounts falling due after more than one year:	2022 £	2021 £
Finance Debtor - due after more than 1 year	<u>15,810,076</u>	<u>17,444,525</u>
Total debtors	<u>17,554,919</u>	<u>19,814,380</u>

Finance debtor	2022 £	2021 £
At beginning of year	18,971,263	20,511,893
Amortisation	(1,527,008)	(1,540,630)
At end of year	<u>17,444,255</u>	<u>18,971,263</u>

10 Creditors: amounts falling due within one year

	Notes	2022 £	2021 £
Bank loans	12	1,863,060	1,826,922
Trade creditors		40,724	242,590
Corporation tax		7,801	8,523
Other taxation and social security		224,499	215,840
Other creditors		889	-
Accruals and deferred income		1,168,751	604,314
Unitary charge control account		6,549,220	6,485,570
		<u>9,854,944</u>	<u>9,383,759</u>

Included within accruals and deferred income are amounts recognised in respect of future payments due on lifecycle underspend of £661,213 (2021: £297,109) the timing of which is uncertain.

INVESTORS IN THE COMMUNITY (BEXLEY SCHOOLS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2022

11 Creditors: amounts falling due after more than one year

	Notes	2022 £	2021 £
Bank loans and overdrafts	12	8,233,911	10,096,971
Loans from group undertakings	12	2,874,747	2,874,747
		<u>11,108,658</u>	<u>12,971,718</u>

12 Loans and overdrafts

An analysis of the maturity of loans is given below:

	2022 £	2021 £
Amounts falling due within one year or on demand:		
Senior secured loan	1,885,600	1,849,464
	<u>1,885,600</u>	<u>1,849,464</u>
Amounts falling due between one and two years:		
Senior secured loan	1,619,670	1,885,600
	<u>1,619,670</u>	<u>1,885,600</u>
Amounts falling due between two and five years:		
Senior secured loan	4,072,080	4,281,219
	<u>4,072,080</u>	<u>4,281,219</u>
Amounts falling due after more than five years:		
Repayable by instalments		
Senior secured loan	2,658,617	4,069,148
Loans from group undertakings	2,874,747	2,874,747
	<u>5,533,364</u>	<u>6,943,895</u>
The total cash repayable on the loan is as follows :		
Bank loans	10,235,967	12,085,431
Loans from group undertakings	2,874,747	2,874,747
	<u>13,110,714</u>	<u>14,960,178</u>
 Payable within one year	 1,885,600	 1,849,464
Payable after one year	11,225,114	13,110,714
	<u>11,225,114</u>	<u>13,110,714</u>

INVESTORS IN THE COMMUNITY (BEXLEY SCHOOLS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2022

12 Loans and overdrafts

(Continued)

Issue costs of £138,996 (2021: £161,538) relating to bank loan arrangement fees are not recognised in the above cash position.

The Company has undrawn committed borrowing facilities of £500,000 (2021: £500,000) expiring 1 September 2028 on the risk capital facility and £1,384,248 (2021: £1,384,248) expiring on 1 September 2028 on the debt service facility.

The term loan has a fixed interest rate of 5.34% plus a margin of 0.9%.

The term loan is secured, in favour of Nationwide Building Society, with fixed and floating charges over the Company and all of its property and assets, present and future, including goodwill, book debts, uncalled capital, buildings, fixtures, and fixed plant and machinery. There is also a legal mortgage of shares in the Company in favour of Nationwide Building Society as security for the payment of all obligations and liabilities owed by the Company to Nationwide.

The loan stock was subscribed for by Louiseco Limited. Louiseco Limited, a company registered in England and Wales is a wholly owned subsidiary of Jura Holdings Limited.

The loan stock had an interest rate of 5.8% during the construction stage of the project, this increased to 12.86% once the project became operational. The loan stock owed by the Company to Louiseco Limited under the Loan Note Instrument and the Subscription Agreement are secured by way of a second ranking legal mortgage of shares in the Company, and is due for repayment in January 2029.

13 Share capital

	2022 Number	2021 Number	2022 £	2021 £
Ordinary share capital Issued and fully paid				
Ordinary shares of 50p each	10,000	10,000	5,000	5,000

The Company's share capital is divided between 3,800 "A" Ordinary shares, 1,100 "B" Ordinary shares, 100 "C" Ordinary shares and 5,000 "D" Ordinary shares. All classes of shares rank pari passu to each other with regard to voting and rights to dividends.

14 Share premium account

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

15 Profit and loss reserves

The profit and loss reserve contains the retained earnings carried forward.

16 Events after the reporting date

There has been no events after the reporting date which require disclosure.

INVESTORS IN THE COMMUNITY (BEXLEY SCHOOLS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2022

17 Related party transactions

At the balance sheet date, the Company was a wholly owned subsidiary of Louiseco Limited and has taken advantage of the exemption, under the terms of FRS 102, from disclosing related party transactions with entities that are part of the group headed by Louiseco Limited.

There were no other related party transactions entered into by the Company during the period.

18 Ultimate controlling party

The Company's ultimate parent is Jura Acquisition Limited, a Guernsey registered company, and a subsidiary of Jura Holdings Limited owned by a consortium jointly led by funds managed by Dalmore Capital Limited and Equitix Investment Management Limited. The directors regard Jura Holdings Limited as the ultimate parent of the Company. Copies of the financial statements are available from the Guernsey registry website. The Directors consider that there is no ultimate controlling entity.