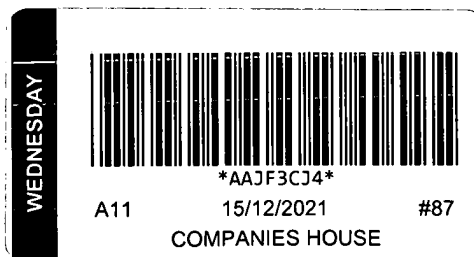


Registered in England No: 05540402

IIC LAMBETH HOLDING COMPANY LIMITED
DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL
STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021



IIC Lambeth Holding Company Limited

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IIC Lambeth Holding Company Limited

Company information

The Board of Directors

T S Cunningham
K Rahuf
J A Scott

Registered office

3rd Floor (South)
200 Aldersgate Street
London
United Kingdom
EC1A 4HD

Independent auditor

RSM UK Audit LLP
Chartered Accountants
Third Floor, Priory Place,
New London Road
Chelmsford, Essex
CM2 0PP

IIC Lambeth Holding Company Limited

Group Directors' report for the year ended 30 June 2021

The directors present their report and the audited financial statements of the Group for the year ended 30 June 2021.

Principal activity and business review (including future developments)

The principal activity of the Company is that of a holding company for Lambeth Lighting Services Limited.

The principal activity of the Group is the design, installation, operation (including the procurement of energy), maintenance and financing of new, refurbished and existing public street lighting, associated equipment and apparatus for the London Borough of Lambeth.

The directors have reviewed the activities of the business for the year and the position as at 30 June 2021 and consider them to be satisfactory.

The concession is due to expire in 2029; the Group intends to continue to comply with its obligations under the PFI agreement until this date.

Results and dividends

The trading results for the year to 30 June 2021 and the Group's financial position as at 30 June 2021 are shown in the attached financial statements. The Group has made a profit after tax during the year of £108,226 (2020: £65,638) and the shareholders' funds at 30 June 2021 show a deficit of £563,433 (2020: £865,851).

A dividend of £114,995 (£5.41 per share) was paid during the year (2020: £102,000 (£4.80 per share)). The profit for the financial year is set out in the consolidated profit and loss account and statement of other comprehensive income on page 9.

Directors

The directors of the Company who held office during the year and to the date of this report are listed below:

T S Cunningham

K Rahuf

J A Scott (appointed 8 March 2021)

D M M Vermeer (resigned 4 August 2020)

IIC Lambeth Holding Company Limited

Group Directors' report

for the year ended 30 June 2021 (*continued*)

Going concern

The shareholders' funds at 30 June 2021 show a deficit of £563,433 (2020: £865,851). This arises from the early phase in the Group's subsidiary and trading entity's (Lambeth Lighting Services Limited) 25 year concession period and the recognition of the Group's swap liability at fair value. The subsidiary has a secured bank facility that will enable it to continue trading for the concession period (refer to note 17). The subsidiary is not in breach of its covenant terms and does not expect to become so in the foreseeable future. This forecast is based on a financial model that covers the full concession period to 2029, and this has been used to assess the period at least twelve months from the date of approval of the financial statements. Furthermore, the directors are of the opinion that the Company and Group can continue to meet its liabilities as they fall due for a period of at least twelve months from the date of approval of these financial statements, and therefore consider that it is appropriate to prepare these financial statements on a going concern basis.

In the annual review of Going Concern, the directors have considered the long term impact of the COVID-19 pandemic. The Group has entered into long term contracts with both the client and suppliers, and after careful review of these contracts the directors are confident the Group can operate as normal for the next twelve months. The directors have committed to carrying out regular reviews of the Group's cash flows to monitor the ongoing situation.

Key performance indicators

The Group'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.

Principal risks and uncertainties

The Group's revenue is based on a fixed price contract, subject to adjustments for retail price index increases. In most cases costs are similarly indexed.

The Group is financed by a variable rate loan and is therefore exposed to interest rate risk. In order to mitigate this risk, the Group has entered into an interest rate swap arrangement in order to fix interest rates. The Group's senior debt will transition from LIBOR to SONIA after the reporting date. The transition from LIBOR to SONIA is not expected to materially impact future cashflows.

The design, installation, and maintenance operations of street lighting 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 Group.

Under the PFI Project Agreement with London Borough of Lambeth, any general change in law risk is transferred to the Group and, subject to certain criteria and caps, is passed down to the subcontractor. A Change in Law Facility of £300,231 (2020: £300,231) is available to the Group to meet any residual Change in Law risk (refer to note 17).

A Debt Service Facility of £700,860 (2020: £700,860) is also available to the Group to meet any residual Debt Service risk (refer to note 17). The Group is not forecasting to have to utilise either facility in the next 12 months.

IIC Lambeth Holding Company Limited

Group Directors' report for the year ended 30 June 2021 (*continued*)

Strategic report

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

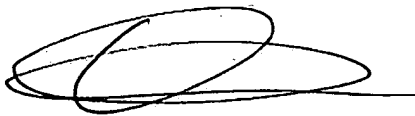
Disclosure of information to the auditor

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

Auditor

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements are being made for them to be deemed reappointed as auditor in absence of an Annual General Meeting.

On behalf of the Board

A handwritten signature in black ink, consisting of a large, stylized 'C' followed by a horizontal line.

T Cunningham, Director

Approved by the directors on 03 December 2021

IIC Lambeth Holding Company Limited

Statement of directors' responsibilities in respect of the directors' report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law 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 Group and parent Company and of the profit or loss of the Group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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 Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and Group and to prevent and detect fraud and other irregularities.

IIC Lambeth Holding Company Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IIC LAMBETH HOLDING COMPANY LIMITED

Opinion

We have audited the financial statements of IIC Lambeth Holding Company Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2021 which comprise the consolidated profit and loss account and statement of other comprehensive income, consolidated balance sheet, company balance sheet, consolidated statement of changes in equity, company statement of changes in equity, consolidated cash flow statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2021 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent 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 group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

IIC Lambeth Holding Company Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IIC LAMBETH HOLDING COMPANY LIMITED (*continued*)

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to 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 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 group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and

IIC Lambeth Holding Company Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IIC LAMBETH HOLDING COMPANY LIMITED (*continued*)

implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the group and parent company operates in and how the group and parent company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from external tax advisors.

We have not identified any significant indirect laws and regulations critical to the group and parent company's operations.

The group audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business.

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

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.

RSM UK Audit LLP

NICHOLAS CATTINI (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

Third Floor, Priory Place,

New London Road

Chelmsford, Essex

CM2 0PP

Date: 7 December 2021

IIC Lambeth Holding Company Limited

Consolidated profit and loss account and statement of other comprehensive income for the year ended 30 June 2021

| | Note | 2021 £ | 2020 £ |
|---|------|--------------------|--------------------|
| Turnover | 2 | 1,445,203 | 1,396,157 |
| Cost of sales | | (1,267,841) | (1,260,281) |
| Gross profit | | 177,362 | 135,876 |
| Administrative expenses | | (111,619) | (93,003) |
| Operating profit | | 65,743 | 42,873 |
| Interest receivable and similar income | 6 | 467,067 | 502,986 |
| Interest payable and similar charges | 7 | (398,049) | (450,850) |
| Profit on ordinary activities before taxation | 3 | 134,761 | 95,009 |
| Tax on profit on ordinary activities | 8 | (26,535) | (29,371) |
| Profit on ordinary activities after taxation | | 108,226 | 65,638 |
| | | | |
| | Note | 2021 £ | 2020 £ |
| Other comprehensive income | | | |
| Effective portion of fair value changes in cash flow hedges | 18 | 342,143 | 44,355 |
| Tax recognised in relation to change in fair value cash flow hedges | 8 | (32,956) | 17,277 |
| Other comprehensive profit for the year | | 309,187 | 61,632 |
| Total comprehensive profit for the year | | 417,413 | 127,270 |

The notes on pages 15 to 33 form part of these financial statements.


IIC Lambeth Holding Company Limited

Consolidated balance sheet As at 30 June 2021

| | Note | 2021 £ | 2020 £ |
|---|------|-------------------|-------------------|
| Fixed assets | | | |
| Intangible assets | 12 | 100,713 | 112,664 |
| Current assets | | | |
| Debtors: amounts falling due within one year | 13 | 1,094,572 | 1,084,899 |
| Debtors: amounts falling due after one year | 13 | 8,183,976 | 8,999,323 |
| Cash at bank and in hand | 14 | 1,020,146 | 1,083,250 |
| | | <u>10,298,694</u> | <u>11,167,472</u> |
| Creditors: amounts falling due within one year | 15 | (5,120,947) | (5,173,660) |
| Net current assets | | <u>5,177,747</u> | <u>5,993,812</u> |
| Total assets less current liabilities | | <u>5,278,460</u> | <u>6,106,476</u> |
| Creditors: amounts falling due after more than one year | 16 | (5,841,893) | (6,972,327) |
| Net liabilities | | <u>(563,433)</u> | <u>(865,851)</u> |
| Capital and reserves | | | |
| Called up share capital | 19 | 21,252 | 21,252 |
| Share premium reserve | 20 | 123,104 | 123,104 |
| Profit and loss account | 21 | (11,857) | (5,088) |
| Cashflow hedge reserve | 21 | (695,932) | (1,005,119) |
| Total shareholders' deficit | | <u>(563,433)</u> | <u>(865,851)</u> |

The notes on pages 15 to 33 form part of these financial statements.

These financial statements, for company registration number 05540402, were approved by the board of directors and authorised for issue on 03 December 2021 and signed on its behalf by:



T Cunningham, Director

IIC Lambeth Holding Company Limited

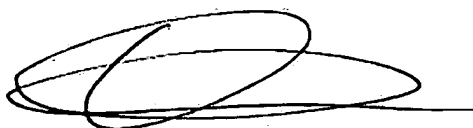
Company balance sheet As at 30 June 2021

| | Note | 2021 £ | 2020 £ |
|----------------------------------|------|----------------|----------------|
| Fixed assets | | | |
| Investments | 11 | 144,355 | 144,355 |
| Current assets | | | |
| Cash at bank and in hand | 14 | 1 | 1 |
| Net assets | | <u>144,356</u> | <u>144,356</u> |
| Capital and reserves | | | |
| Called up share capital | 19 | 21,252 | 21,252 |
| Share premium reserve | 20 | 123,104 | 123,104 |
| Total shareholders' funds | | <u>144,356</u> | <u>144,356</u> |

The notes on pages 15 to 33 form part of these financial statements.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account. The parent Company made a profit of £114,995 in the period (2020: £102,000).

These financial statements, for company registration number 05540402, were approved by the board of directors and authorised for issue on 03 December 2021 and signed on its behalf by:



T Cunningham, Director

IIC Lambeth Holding Company Limited

Consolidated statement of changes in equity for the year ended 30 June 2021

| | Called up share capital £ | Share premium reserve £ | Profit and loss account £ | Cashflow hedge reserve £ | Total shareholders' deficit £ |
|--|---------------------------------|-------------------------------|---------------------------------|--------------------------------|--|
| Balance as at 1 July 2019 | 21,252 | 123,104 | 31,274 | (1,066,751) | (891,121) |
| Profit for the year | - | - | 65,638 | - | 65,638 |
| Fair value gain on effective cash flow hedge | - | - | - | 61,632 | 61,632 |
| Total comprehensive income for the year | - | - | 65,638 | 61,632 | 127,270 |
| Dividend paid (note 10) | - | - | (102,000) | - | (102,000) |
| Balance as at 30 June 2020 | 21,252 | 123,104 | (5,088) | (1,005,119) | (865,851) |
| Profit for the year | - | - | 108,226 | - | 108,226 |
| Fair value gain on effective cash flow hedge | - | - | - | 309,187 | 309,187 |
| Total comprehensive income for the year | - | - | 108,226 | 309,187 | 417,413 |
| Dividend paid (note 10) | - | - | (114,995) | - | (114,995) |
| Balance as at 30 June 2021 | 21,252 | 123,104 | (11,857) | (695,932) | (563,433) |

The notes on pages 15 to 33 form part of these financial statements.

IIC Lambeth Holding Company Limited

Company statement of changes in equity for the year ended 30 June 2021

| | Note | Called up share capital £ | Share premium reserve £ | Profit and loss account £ | Total shareholders' funds £ |
|-----------------------------------|------|---------------------------------|-------------------------------|---------------------------------|--------------------------------------|
| Balance as at 1 July 2019 | | 21,252 | 123,104 | - | 144,356 |
| Profit for the year | | - | - | 102,000 | 102,000 |
| Dividends paid | 10 | - | - | (102,000) | (102,000) |
| Issue of shares | | - | - | - | - |
| Balance as at 30 June 2020 | | 21,252 | 123,104 | - | 144,356 |
| Profit for the year | | - | - | 114,995 | 114,995 |
| Dividends paid | 10 | - | - | (114,995) | (114,995) |
| Balance as at 30 June 2021 | | 21,252 | 123,104 | - | 144,356 |

The notes on pages 15 to 33 form part of these financial statements.

IIC Lambeth Holding Company Limited

Consolidated cash flow statement for the year ended 30 June 2021

| | 2021 £ | 2020 £ |
|---|-----------|-----------|
| Cash flows from operating activities | | |
| Profit on ordinary activities after taxation | 108,226 | 65,638 |
| <i>Adjustments for:</i> | | |
| Amortisation of intangible assets | 11,951 | 11,983 |
| Interest receivable and similar income | (467,067) | (502,986) |
| Interest payable and similar charges | 398,049 | 450,850 |
| Taxation | 26,535 | 29,371 |
| Operating cash flows before movements in working capital | 77,694 | 54,856 |
| Decrease in debtors | 16,948 | 314,649 |
| Decrease in creditors | (45,861) | (179,748) |
| Decrease in finance debtors | 1,221,472 | 1,234,932 |
| Cash generated from operations | 1,270,253 | 1,424,689 |
| Tax paid | (34,047) | (11,232) |
| Interest paid | (407,467) | (456,795) |
| Net cash from operating activities | 828,739 | 956,662 |
| Investing activities | | |
| Interest received | 1,365 | 257 |
| Net cash from investing activities | 1,365 | 257 |
| Financing activities | | |
| Dividends Paid | (114,995) | (102,000) |
| Repayment of borrowings | (702,235) | (694,546) |
| Repayment of loan stock | (75,978) | (71,812) |
| Net cash used in financing activities | (893,208) | (868,358) |
| Net (decrease)/increase in cash and cash equivalents | (63,104) | 88,561 |
| Cash and cash equivalents at 1 July | 1,083,250 | 994,689 |
| Cash and cash equivalents at 30 June | 1,020,146 | 1,083,250 |

The notes on pages 15 to 33 form part of these financial statements.

IIC Lambeth Holding Company Limited

Notes to the financial statements for the year ended 30 June 2021

1. Accounting policies

IIC Lambeth Holding Company Limited (the "Company") is a private company limited by shares and incorporated and domiciled in England and Wales with a registered office at 3rd Floor (South), 200 Aldersgate Street, London, United Kingdom, EC1A 4HD.

The Company and Group's principal activities and nature of its operations are described in the Directors' Report.

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 under the historical cost convention, modified to include certain financial instruments at fair value. The presentation currency of these financial statements is sterling and amounts have been rounded to the nearest whole £, unless otherwise stated.

The Company prepares consolidated financial statements which are prepared in accordance with FRS 102 and are available to the public and may be obtained from the Company Secretary, 3rd Floor (South), 200 Aldersgate Street, London, United Kingdom, EC1A 4HD. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Section 7 'Statement of Cash Flows Statement' – Presentation of a statement of cash flows and related notes and disclosures;

As the consolidated financial statements of IIC Lambeth Holding Company Limited also include the equivalent disclosures, the subsidiary Company has taken the exemptions under FRS 102 available in respect of the following disclosures:

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

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

Going concern

The shareholders' funds at 30 June 2021 show a deficit of £563,433 (2020: £865,851). This arises from the early phase in the Group's subsidiary and trading entity's (Lambeth Lighting Services Limited) 25 year concession period and the recognition of the Group's swap liability at fair value. The subsidiary has a secured bank facility that will enable it to continue trading for the concession period (refer to note 17). The subsidiary is not in breach of its covenant terms and does not expect to become so in the foreseeable future. This forecast is based on a financial model that covers the full concession period to 2029, and this has been used to assess the period at least twelve months from the date of approval of the financial statements. Furthermore, the directors are of the opinion that the Company and Group can continue to meet its liabilities as they fall due for a period of at least twelve months from the date of approval of these financial statements, and therefore consider that it is appropriate to prepare these financial statements on a going concern basis.

IIC Lambeth Holding Company Limited

Notes to the financial statements for the year ended 30 June 2021 (*continued*)

1. Accounting policies (*continued*)

In the annual review of Going Concern, the directors have considered the long term impact of the COVID-19 pandemic. The Group has entered into long term contracts with both the client and suppliers, and after careful review of these contracts the directors are confident the Group can operate as normal for the next twelve months. The directors have committed to carrying out regular reviews of the Group's cash flows to monitor the ongoing situation.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 30 June 2021. The purchase method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal. All intragroup transactions and balances are eliminated on consolidation.

All intragroup transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Classification of financial instruments issued by the Group

In accordance with FRS 102 Section 22, financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the Group to deliver cash or other financial assets, or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and
- (b) where the instrument will or may be settled in the Group's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Group's own equity instruments or is a derivative that will be settled by the Group's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

Basic financial instruments

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

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

IIC Lambeth Holding Company Limited

Notes to the financial statements for the year ended 30 June 2021 (*continued*)

1. Accounting policies (*continued*)

Interest-bearing borrowings classified as basic financial instruments

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

Cash and cash equivalents

Cash at bank is carried in the balance sheet at book value.

Finance debtor and contractual receivables

Finance debtor and contractual receivables are classified as loans and receivables as defined in FRS 102, which are initially recognised at the fair value of the consideration received or receivable and are then stated at amortised cost.

Other financial instruments

Financial instruments not considered to be Basic financial instruments (Other financial instruments)

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

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

Derivative financial instruments and hedging

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

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in other comprehensive income. Any ineffective portion of the hedge is recognised immediately in profit or loss.

For cash flow hedges, where the forecast transactions resulted in the recognition of a non-financial asset or non-financial liability, the hedging gain or loss recognised in other comprehensive income is included in the initial cost or other carrying amount of the asset or liability. Alternatively when the hedged item is recognised in profit or loss the hedging gain or loss is reclassified to profit or loss.

IIC Lambeth Holding Company Limited

Notes to the financial statements for the year ended 30 June 2021 (*continued*)

1. Accounting policies (*continued*)

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

Turnover

All turnover and profit on ordinary activities before taxation originates in the UK. Turnover is recognised in accordance with the finance debtor accounting policy.

Goodwill and amortisation

Goodwill is stated at original costs less accumulated amortisation. Cost of goodwill represents the excess consideration for an acquired undertaking compared with the fair value of the separately identified net assets acquired, which is capitalised and amortised over its useful life. Amortisation of goodwill is calculated so as to write off the cost of the asset, less its estimated residual value, on a straight line basis over the remaining concession period (9 years).

Impairment of financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit and loss.

IIC Lambeth Holding Company Limited

Notes to the financial statements for the year ended 30 June 2021 (*continued*)

1. Accounting policies (*continued*)

Taxation

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

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

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

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

Interest

Interest costs have been capitalised during the construction phase of the contract and will be amortised over the period of the concession.

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

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

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

Finance debtor and revenue recognition

The Group 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 Group on the design and construction of the assets have been treated as a finance debtor within these financial statements.

The Group is an operator of a Private Finance Initiative (PFI) contract, which was entered into prior to transition to FRS 102. Therefore the accounting has been continued using the accounting policies applied prior to the date of transition to FRS 102 as follows. The underlying asset was

IIC Lambeth Holding Company Limited

Notes to the financial statements for the year ended 30 June 2021 (*continued*)

1. Accounting policies (*continued*)

not deemed to be an asset of the Group under FRS 5, Application Note G, because the risks and rewards of ownership as set out in that Standard are deemed to lie principally with the Authority.

During the construction phases of the project, all attributable expenditure including finance costs is included in amounts recoverable on contracts and turnover. Upon becoming operational, the costs are transferred to the finance debtor. During the operational phase invoiced amounts net of value added tax, are allocated between interest receivable and the finance debtor using a project specific interest rate. The remainder of the PFI unitary charge income is included within turnover in accordance with FRS 5 Application Note G. The Group recognises income in respect of service provided as it fulfils its contractual obligation in respect of these services and in line with fair value of consideration receivable in respect of these services.

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.

Investments

Investments are held at cost less accumulated impairment losses.

Judgements and key sources of estimation uncertainty

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

The Group uses derivative finance instruments to hedge certain economic exposures in relation to movements in interest rates as compared with the position that was expected at the date the underlying transaction being hedged was entered into. The Group fair values its derivative financial instruments and records the fair value of those on its balance sheet. The measurement of fair value is based on estimates of future market interest and inflation rates and will therefore be subject to change. The company has used the Mark to Market valuation provided by the hedging party to assist with valuing such instruments.

The directors have applied their judgement in assessing the interest rate swaps to be fully effective and have therefore designated the instruments as a cash flow hedge.

At the inception of the project accounting for the service contracts and the 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.

The directors have reviewed the interest rates applied to the subordinated loan stock and consider these to be at market rate.

IIC Lambeth Holding Company Limited

Notes to the financial statements for the year ended 30 June 2021 (*continued*)

1. Accounting policies (*continued*)

In accordance with the Financial model 50% of the lifecycle costs are deemed to be in respect of replacing the original assets and are therefore capitalised into the financial debtor.

Agency arrangements

The Group has acted as agent on behalf of Bouygues E&S Infrastructure UK Limited in connection with the small works undertaken at the request of the Authority. The value of these transactions, whereby Lambeth Lighting Services Limited acts as agent is set out in Note 2. These amounts have not been recognised and disclosed as turnover within the Group's profit and loss account. Lambeth Lighting Services Limited has no commercial interest or exposure in respect of these transactions.

2. Analysis of turnover

| | 2021 £ | 2020 £ |
|-----------------|-----------|-----------|
| Services income | 1,445,203 | 1,396,157 |

All turnover originates in the United Kingdom.

In addition to the amounts disclosed as turnover above, the Group acts as the invoicing conduit for a number of transactions where the Group bears no risk or reward and the transactions are "pass through" where the Group generates neither profit nor loss. 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 year were £435,998 (2020: £1,242,374).

3. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

| | 2021 £ | 2020 £ |
|--|-----------|-----------|
| Auditor's remuneration: | | |
| - for the statutory audit of the Group and Company | 13,225 | 12,100 |
| - taxation services | 5,350 | 3,620 |
| Amortisation of intangible assets | 11,951 | 11,983 |

The audit fee in respect of the Group was £13,225 for the year (2020: £12,100). The audit fee in respect of the Company of £1,613 (2020: £1,613) has been paid by a group undertaking, Lambeth Lighting Services Limited, for which no recharge has been made (2020: £nil). Auditor's remuneration is payable to RSM UK Audit LLP.

4. Directors remuneration

The directors who are key management personnel received no emoluments in respect of their services to the Group or Company during the year (2020: £nil).

IIC Lambeth Holding Company Limited

Notes to the financial statements for the year ended 30 June 2021 (*continued*)

5. Particulars of employees

The Group and Company had no employees during the year (2020: no employees).

6. Interest receivable and similar income

| | 2021 £ | 2020 £ |
|-------------------------|----------------|----------------|
| Finance debtor interest | 465,702 | 502,729 |
| Bank interest | 1,365 | 257 |
| | <u>467,067</u> | <u>502,986</u> |

7. Interest payable and similar charges

| | 2021 £ | 2020 £ |
|---|----------------|----------------|
| Bank fees payable | 3,993 | 4,190 |
| Bank loan interest | 56,970 | 100,044 |
| Loan stock interest - payable to group entities | 84,191 | 93,310 |
| SWAP interest | 252,895 | 253,306 |
| | <u>398,049</u> | <u>450,850</u> |

8. Taxation

| (a) Tax on profit on ordinary activities | 2021 £ | 2020 £ |
|--|---------------|---------------|
| Current tax: | | |
| UK corporation tax on profit for the year | 27,875 | 20,328 |
| Adjustments in respect of previous periods | (1,340) | (1,193) |
| Total current tax | <u>26,535</u> | <u>19,135</u> |
| Deferred tax: | | |
| Origination and reversal of timing differences | - | - |
| Impact of tax rate adjustment | - | 10,236 |
| Adjustments in respect of previous periods | - | - |
| Total deferred tax charge | <u>-</u> | <u>10,236</u> |
| Tax on profit on ordinary activities | <u>26,535</u> | <u>29,371</u> |

IIC Lambeth Holding Company Limited

Notes to the financial statements for the year ended 30 June 2021 (*continued*)

8. Taxation (*continued*)

| | 2021 | 2020 |
|--|----------------|-----------------|
| | £ | £ |
| (b) Tax recognised through other comprehensive income | | |
| Deferred tax: | | |
| Deferred taxation on SWAP valuation movement | 32,956 | (17,277) |
| Total tax recognised through other comprehensive income | 32,956 | (17,277) |
| (c) Current tax reconciliation | 2021 | 2020 |
| | £ | £ |
| Profit on ordinary activities before taxation | 134,761 | 95,009 |
| Taxation using standard UK rate of 19% (2020: 19%) | 25,604 | 18,051 |
| Expenses not deductible for tax purposes | 2,271 | 2,277 |
| Effect of changes in tax rates | - | 10,236 |
| Adjustments in respect of previous periods | (1,340) | (1,193) |
| Total tax charge for the year | 26,535 | 29,371 |

(d) Factors that may affect future tax charges

The March 2021 Budget announced that a rate of 25% would apply with effect from 1 April 2023, and was substantively enacted on 24 May 2021.

The Group has trade losses available to carry forward of £nil (2020: £nil).

IIC Lambeth Holding Company Limited

Notes to the financial statements for the year ended 30 June 2021 (*continued*)

9. Deferred tax

| | 2021 | 2020 |
|--|-----------------|----------------|
| | £ | £ |
| Deferred Tax | | |
| Arising on fair valuation of derivatives | 202,812 | 235,768 |
| Trade losses carried forward | - | - |
| Total deferred tax asset | 202,812 | 235,768 |
| Movement in deferred tax asset | | |
| Origination and reversal of timing differences | (32,956) | (8,428) |
| Effect of tax rate change on opening balance | - | 15,469 |
| | (32,956) | 7,041 |
| Deferred tax asset at 1 July | 235,768 | 228,727 |
| Charged in the year to the profit and loss account | - | (10,236) |
| Charged in the year to other comprehensive income | (32,956) | 17,277 |
| Deferred tax asset at 30 June | 202,812 | 235,768 |

The deferred tax asset recognised on tax losses has been on the basis to which these can be set off against future profits of the Group. There is no unprovided deferred tax (2020: nil).

A deferred tax asset is also recognised on the revaluation of the interest rate swaps held by the Group. These swaps have been designated as cash flow hedges (see note 18) and therefore the reversal of the deferred tax asset is shown through the cash flow hedge reserve.

10. Dividends

Group and Company

| | 2021 | 2020 |
|---------------|---------|---------|
| | £ | £ |
| Dividend Paid | 114,995 | 102,000 |

IIC Lambeth Holding Company Limited

Notes to the financial statements for the year ended 30 June 2021 (*continued*)

11. Investments

Company

| Subsidiary undertaking | 2021 | 2020 |
|------------------------|----------------|----------------|
| Cost | £ | £ |
| Balance at 30 June | <u>144,355</u> | <u>144,355</u> |

At the balance sheet date, this investment represents the Company's 100% ownership of £1 ordinary "A" and "B" shares in Lambeth Lighting Services Limited (2020: 100% ownership of £1 ordinary shares), registered address 3rd Floor (South), 200 Aldersgate Street, London, United Kingdom, EC1A 4HD. A description of the nature of this entity's business is provided in the Directors' report.

Goodwill arising on consolidation is shown separately in note 12.

12. Intangible assets

Group

| | |
|---------------------|----------------|
| Goodwill | 2021 |
| | £ |
| Cost | |
| At 1 July 2020 | <u>190,753</u> |
| At 30 June 2021 | <u>190,753</u> |
| Amortisation | |
| At 1 July 2020 | 78,089 |
| Charge for the year | <u>11,951</u> |
| At 30 June 2021 | <u>90,040</u> |
| Net book value | |
| At 30 June 2021 | <u>100,713</u> |
| At 30 June 2020 | <u>112,664</u> |

IIC Lambeth Holding Company Limited

Notes to the financial statements for the year ended 30 June 2021 (*continued*)

13. Debtors

Group

| | 2021 | 2020 |
|--|-------------------------|--------------------------|
| | £ | £ |
| <i>Amounts falling due within one year</i> | | |
| Finance debtor | 844,349 | 817,728 |
| Trade debtors | 249,644 | 266,668 |
| Prepayments and accrued income | 578 | 502 |
| Amounts due from parent company | 1 | 1 |
| | <u>1,094,572</u> | <u>1,084,899</u> |
| <i>Amounts falling due after one year</i> | | |
| Finance debtor | 7,981,164 | 8,763,555 |
| Deferred tax | 202,812 | 235,768 |
| | <u>8,183,976</u> | <u>8,999,323</u> |
| Total debtors | <u>9,278,548</u> | <u>10,084,222</u> |

During the year lifecycle costs of £61,958 (2020: £60,328) were capitalised into the finance debtor.

Company

| | 2021 | 2020 |
|-------------------------------------|----------|----------|
| | £ | £ |
| Amounts due from parent undertaking | <u>-</u> | <u>-</u> |

14. Cash at bank

Group

Cash at bank includes the eleven current accounts with Barclays Bank Plc having a balance of £1,020,146 (2020: £1,083,250). The restricted cash balance is £63,135 (2020: £61,577). Withdrawals from these bank accounts are restricted to items set out in the Credit Agreement with Barclays Bank Plc and the Group must satisfy certain requirements before being permitted to withdraw any amounts from these accounts.

Company

The Company's bank account has a £1 (2020: £1) balance at the balance sheet date.

IIC Lambeth Holding Company Limited

Notes to the financial statements for the year ended 30 June 2021 (*continued*)

15. Creditors: amounts falling due within one year

Group

| | 2021 £ | 2020 £ |
|------------------------------------|------------------|------------------|
| Bank loan | 708,510 | 702,182 |
| Loan stock - due to group entities | 79,729 | 75,979 |
| Trade creditors | 48,174 | - |
| Other taxation and social security | 75,178 | 88,450 |
| Corporation tax liability | 12,816 | 20,328 |
| Accruals and deferred income | 4,196,540 | 4,286,721 |
| | <u>5,120,947</u> | <u>5,173,660</u> |

The Company had no creditors falling due within one year at year end (2020: £nil).

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

Group

| | 2021 £ | 2020 £ |
|------------------------------------|------------------|------------------|
| Bank loan | 4,359,624 | 5,068,187 |
| Interest rate swaps | 898,744 | 1,240,887 |
| Loan stock - due to group entities | <u>583,525</u> | <u>663,253</u> |
| | <u>5,841,893</u> | <u>6,972,327</u> |

The Company had no creditors falling due after more than one year at year end (2020: £nil).

IIC Lambeth Holding Company Limited

Notes to the financial statements for the year ended 30 June 2021 (*continued*)

17. Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost.

| | 2021 £ | 2020 £ |
|-------------------------|------------------|------------------|
| Bank loan | 5,068,134 | 5,770,369 |
| Subordinated loan stock | 663,254 | 739,232 |
| | <u>5,731,388</u> | <u>6,509,601</u> |

| | 2021 £ | 2020 £ |
|--|------------------|------------------|
| Debt can be analysed as falling due as follows: | | |
| Within one year | 788,239 | 778,161 |
| Between one and two years | 784,563 | 789,351 |
| Between two and five years | 2,017,328 | 2,210,665 |
| In five years or more | 2,141,258 | 2,731,424 |
| | <u>5,731,388</u> | <u>6,509,601</u> |

The Group has undrawn committed borrowing facilities of £nil (2020: £nil) expiring on 1 December 2029 on the term loan facility, £700,860 (2020: £700,860) on the debt service facility expiring on 1 May 2029, and £300,231 (2020: £300,231) expiring on 1 December 2029 on the change of law facility.

The term loan, change of law facility and debt service facility loan have a variable interest rate of LIBOR plus a margin of 0.77%.

The term loan and change of law loan are secured, in favour of Barclays Bank Plc over all assets of the Group.

On 10 November 2005, the Group issued £1,500,000 of unsecured loan stock due in 2030 part paid at the amount of £1. The loan stock is subscribed for by IIC Lambeth Subdebt Limited. Payment of £1,389,010 in respect of loan stock was called up by the Group on 30 November 2009. The loan stock has an interest rate of 12%.

IIC Lambeth Holding Company Limited

Notes to the financial statements for the year ended 30 June 2021 (*continued*)

18. Financial Instruments

Group

(a) Carrying amounts of financial instruments

The carrying amounts of the financial assets and liabilities include:

| | 2021 | 2020 |
|--|------------------|--------------------|
| | £ | £ |
| Liabilities measured at fair value through profit and loss | | |
| Interest rate swaps contract | <u>(898,744)</u> | <u>(1,240,887)</u> |

(b) Financial instruments measured at fair value

Derivative financial instruments

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

(c) Hedge accounting

Derivative financial instruments designated as hedges of variable interest rate risk comprise of an interest rate swap.

To hedge the potential movement in the interest cash flows associated with the LIBOR rate used for the bank term loan described in note 17, the Group has entered into floating to fixed interest rate swaps with a nominal value equal to the initial borrowings with the same term as the loans and interest payment dates. These result in the Group paying 4.89% per annum and receiving LIBOR.

IIC Lambeth Holding Company Limited

Notes to the financial statements for the year ended 30 June 2021 (*continued*)

18. Financial Instruments (*continued*)

The following table indicates the periods in which the cash flows associated with the cash flow hedging instrument are expected to occur as required by FRS 102 Section 12.29(a) for the cash flow hedge accounting models and also the associated cash flow hedging instruments are expected to affect profit and loss.

| 2021 | | | | | | |
|-----------------------|-------------------------|-----------------------------|-----------------------|-----------------------------|-----------------------------|--------------------------|
| | Carrying Amount £ | Expected cash flows £ | Within 1 year £ | Between 1 - 2 years £ | Between 2 - 5 years £ | 5 years and over £ |
| Interest rate swap | (898,744) | (924,505) | (228,954) | (186,000) | (362,570) | (146,981) |
| | <u>(898,744)</u> | <u>(924,505)</u> | <u>(228,954)</u> | <u>(186,000)</u> | <u>(362,570)</u> | <u>(146,981)</u> |
| 2020 | | | | | | |
| | Carrying Amount £ | Expected cash flows £ | Within 1 year £ | Between 1 - 2 years £ | Between 2 - 5 years £ | 5 years and over £ |
| Interest rate swap | (1,240,887) | (1,285,893) | (269,626) | (237,490) | (502,967) | (275,810) |
| | <u>(1,240,887)</u> | <u>(1,285,893)</u> | <u>(269,626)</u> | <u>(237,490)</u> | <u>(502,967)</u> | <u>(275,810)</u> |

(d) Fair values

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

| | 2021 £ | 2020 £ |
|------------------------------|----------------|------------------|
| Interest rate swaps contract | <u>898,744</u> | <u>1,240,887</u> |

IIC Lambeth Holding Company Limited

Notes to the financial statements for the year ended 30 June 2021 (*continued*)

19. Share capital

Group and Company

| | 2021 Number of shares | 2021 £ | 2020 Number of shares | 2020 £ |
|--|-----------------------------|-----------|-----------------------------|-----------|
| <i>Issued, called up and fully paid of £1 each</i> | 21,252 | 21,252 | 21,252 | 21,252 |

The Company's share capital is divided between 17,001 "A" Ordinary shares, 4,250 "B" Ordinary shares and 1 "D" Ordinary share. All classes of shares rank pari passu to each other with regard to voting and rights to dividends until the completion of the dissolution and winding up of the Company.

20. Share premium reserve

Group and Company

| | 2021 £ | 2020 £ |
|--------------------|-----------|-----------|
| Balance at 30 June | 123,104 | 123,104 |

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

21. Reserves

Profit and loss account

The profit and loss account contains the cumulative retained earnings carried forward less distributions to owners.

Cashflow hedge reserve

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

IIC Lambeth Holding Company Limited

Notes to the financial statements for the year ended 30 June 2021 (*continued*)

22. Commitments and contingent liabilities

At the balance sheet date the Group had no capital commitments or commitments under operating leases (2020: £nil).

The Company is a member of a VAT group. All group members are jointly and severally liable for the total group VAT liability. At the period end, the liabilities of the other group member totalled £75,178 (2020: £88,450). In the usual course of business members meet their own individual liability. There are no other contingent liabilities (2020: £nil).

23. Related party transactions

At the balance sheet date, the Company was a wholly owned subsidiary of Fenton Holdco 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 Fenton Holdco Limited. The direct parent undertaking is Fenton UK 5 Limited.

There were no other related party transactions entered into by the Group during the year (2020: £nil).

24. Ultimate controlling party

At the balance sheet date the Directors regard Fenton Holdco Limited, registered address 3rd Floor, South Building, 200 Aldersgate Street, London, England, EC1A 4HD, as the ultimate parent company. The Directors consider that there is no ultimate controlling entity.

The Company's immediate holding company is Fenton UK 5 Limited which is registered at 44 Esplanade, St Helier, Jersey, United Kingdom JE4 9WG.

IIC Lambeth Holding Company Limited is the head of the largest and smallest group for which consolidated financial statements are prepared and of which the Company is a member is. The consolidated financial statements of this group are available to the public and may be obtained from the Company Secretary, 3rd Floor (South), 200 Aldersgate Street, London, England, EC1A 4HD.

IIC Lambeth Holding Company Limited

Notes to the financial statements for the year ended 30 June 2021 (*continued*)

25. Net Debt

The below is an analysis of changes in net debt of the Group from the beginning to the end of the current reporting period:

| | 1 July 2020 | Cash flow | Other non-cash movements | 30 June 2021 |
|-------------------------------|------------------|------------------|-----------------------------|------------------|
| Net debt analysis | £ | £ | £ | £ |
| Borrowings less than one year | 778,161 | (778,213) | 788,291 | 788,239 |
| Borrowings more than one year | 5,731,440 | - | (788,291) | 4,943,149 |
| Interest rate swaps | 1,240,887 | - | (342,143) | 898,744 |
| Cash at bank and in hand | (1,083,250) | 63,104 | - | (1,020,146) |
| | 6,667,238 | (715,109) | (342,143) | 5,609,986 |