

COMPANY REGISTRATION NUMBER: 06385476

Defence Management Group Holdings Limited
Unaudited Annual Report and Financial Statements
31 December 2020



Defence Management Group Holdings Limited

Annual Report and Financial Statements

Year Ended 31 December 2020

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Defence Management Group Holdings Limited

Officers and Professional Advisers

The Board of Directors

John Cavill
Peter Sheldrake

Company Secretary

Infrastructure Managers Limited

Registered Office

Cannon Place
78 Cannon Street
London
EC4N 6AF

Defence Management Group Holdings Limited

Directors' Report

Year Ended 31 December 2020

The directors present their report and the unaudited Annual Report and Financial Statements of Defence Management Group Holdings Limited ("the Company") for the year ended 31 December 2020.

Principal Activities

The principal activity of the Company during the year was to hold a debt instrument in Matrix PFI Holdings Limited.

Performance Review

The profit for the financial year, after taxation, amounted to £– (2019: £–).

The profit for the financial year will be transferred to reserves.

The directors are satisfied with the overall performance of the Company and do not foresee any significant change in the Company's activities in the coming financial year.

Covid-19 was declared a pandemic in March 2020 and since then there has been widespread disruption in the UK. The Directors have considered the current and future financial impact to the Company of Covid-19, taking into account the sources of income and expenditure. Throughout the pandemic the underlying investment has continued to perform in line with modelled expectations. It is the Directors' view that this performance is expected to continue. Although the likely full impact is unknown, and at this stage is not possible to quantify, it is not expected to materially impact on the operations or financial position of the Company.

Key Performance Indicators

In its role as a holding company there are no key performance indicators for the directors to monitor. However, from a group point of view the performance of the investment is assessed every six months by testing the cash resources against the bank lending covenants. The key indicator being the debt service cover ratio. The investment has been compliant with the covenants laid out in the Group loan agreement.

Going Concern

Cash flow forecasts are prepared for the underlying SPV in the group looking over the expected life of the asset and so including the 12 month period from the date the financial statements are signed. In drawing up these forecasts, the directors have made assumptions based upon their view of the current and future economic conditions, including the impact of Covid-19, that will prevail over the forecast period.

The Company's cash flows are dependent on the performance of the underlying SPV in the group. After reviewing the performance of the SPV, which is done on a regular basis, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

In light of this, the directors continue to adopt the going concern basis of accounting in preparing the Company's annual financial statements.

Directors

The directors who served the company during the year and up to the date of this report were as follows:

John Cavill

Defence Management Group Holdings Limited

Directors' Report *(continued)*

Year Ended 31 December 2020

Peter Sheldrake

Dividends

The directors do not recommend the payment of a dividend.

Qualifying Third Party Indemnity Provisions

During the year, and at the date of this report, the Company has in place qualifying third party indemnity provisions for the benefit of its directors.

Small Company Provisions

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

This report was approved by the board of directors on 27 September 2021 and signed by order of the board by:



Infrastructure Managers Limited
Company Secretary

Defence Management Group Holdings Limited

Statement of Comprehensive Income

Year Ended 31 December 2020

	Note	2020 £	2019 £
Interest receivable and similar income	5	877,135	874,738
Interest payable and similar expenses	6	(877,135)	(874,738)
Result before taxation		—	—
Tax on result		—	—
Result for the financial year and total comprehensive income		—	—

All the activities of the company are from continuing operations.

The notes on pages 7 to 10 form part of these Financial Statements.

Defence Management Group Holdings Limited

Statement of Financial Position

As at 31 December 2020

	Note	2020 £	2019 £
Current assets			
Debtors: amounts falling due within one year	7	21,823,492	20,946,357
Creditors: amounts falling due within one year	8	(21,823,491)	(20,946,356)
Net current assets		<u>1</u>	<u>1</u>
Total assets less current liabilities		<u>1</u>	<u>1</u>
Capital and reserves			
Called up share capital	9	1	1
Retained earnings	10	<u>-</u>	<u>-</u>
Total shareholders' funds		<u>1</u>	<u>1</u>

For the year ending 31 December 2020 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its Annual Report and Financial Statements for the year in question in accordance with section 476;
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of the Annual Report and Financial Statements.

The Financial Statements were approved by the board of directors and authorised for issue on 27 September 2021, and are signed on behalf of the board by:



Peter Sheldrake
Director

Company registration number: 06385476

The notes on pages 7 to 10 form part of these Financial Statements.

Defence Management Group Holdings Limited

Statement of Changes in Equity

Year Ended 31 December 2020

	Called up share capital	Retained earnings	Total
	£	£	£
At 1 January 2019	1	–	1
Result for the financial year		–	–
At 31 December 2019	1	–	1
Result for the financial year		–	–
At 31 December 2020	<u>1</u>	<u>–</u>	<u>1</u>

The notes on pages 7 to 10 form part of these Financial Statements.

Defence Management Group Holdings Limited

Notes to the Annual Report and Financial Statements

Year Ended 31 December 2020

1. General Information

Defence Management Group Holdings Limited ("the Company") is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is Cannon Place, 78 Cannon Street, London, EC4N 6AF.

The principal activity of the Company during the year was to hold a debt instrument in Matrix PFI Holdings Limited.

The Company's functional and presentation currency is the pound sterling.

2. Statement of Compliance

The individual financial statements of Defence Management Group Holdings Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland ("FRS 102") and the Companies Act 2006.

3. Accounting Policies

(a) Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed further in the accounting policies.

The accounting policies stated below have been consistently applied to the years presented, unless otherwise stated.

(b) Going concern

Cash flow forecasts are prepared for the underlying SPV in the group looking over the expected life of the asset and so including the 12 month period from the date the financial statements are signed. In drawing up these forecasts, the directors have made assumptions based upon their view of the current and future economic conditions, including the impact of Covid-19, that will prevail over the forecast period.

The Company's cash flows are dependent on the performance of the underlying SPV in the group. After reviewing the performance of the SPV, which is done on a regular basis, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

In light of this, the directors continue to adopt the going concern basis of accounting in preparing the Company's annual financial statements.

Defence Management Group Holdings Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year Ended 31 December 2020

3. Accounting Policies *(continued)*

(c) Disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of BIIF Holdco Limited which can be obtained from the Company Secretary at Cannon Place, 78 Cannon Street, London, EC4N 6AF. As such, advantage has been taken of the following disclosure exemptions available under FRS 102:

- (a) No cash flow statement has been presented for the Company.
- (b) The disclosures required by Sections 11 and 12 of FRS 102 (Basic Financial Instruments and Other Financial Instruments Issues respectively) in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The Company is wholly owned by BIIF Holdco Limited and has taken advantage of the exemption in section 33 of FRS 102 'Related Party Disclosures', that allows it not to disclose transactions with wholly owned members of a group.

(d) Judgments and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported. These estimates and judgments are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty are as follows:

i) Impairment of assets

The carrying value of those assets recorded in the Company's Statement of Financial Position, at amortised cost, could be materially reduced where circumstances exist which might indicate that an asset has been impaired and an impairment review is performed. Impairment reviews consider the fair value and/or value in use of the potentially impaired asset or assets and compare that with the carrying value of the asset or assets in the Statement of Financial Position. Any reduction in value arising from such a review would be recorded in the Statement of Comprehensive Income. Impairment reviews involve the significant use of assumptions. Consideration has to be given as to the price that could be obtained for the asset or assets, or in relation to a consideration of value in use, estimates of the future cash flows that could be generated by the potentially impaired asset or assets, together with a consideration of an appropriate discount rate to apply to those cash flows.

4. Particulars of Employees and Directors

The average number of persons employed by the Company during the financial year amounted to nil (2019: nil). The directors are not employed by the Company and did not receive any remuneration from the Company during the year (2019: £nil).

Defence Management Group Holdings Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year Ended 31 December 2020

5. Interest Receivable and Similar Income

	2020	2019
	£	£
Interest from Group undertakings	<u>877,135</u>	<u>874,738</u>

6. Interest Payable and Similar Expenses

	2020	2019
	£	£
Interest due to Group undertakings	<u>877,135</u>	<u>874,738</u>

7. Debtors

Debtors amounts falling due within one year are as follows:

	2020	2019
	£	£
Amounts owed by Group undertakings	21,823,491	20,946,356
Called up share capital not paid	<u>1</u>	<u>1</u>
	<u>21,823,492</u>	<u>20,946,357</u>

Amounts owed by Group undertakings relate to an intercompany loan of £10,413,550 (2019: £10,413,550) which bears interest at 8.4% and accrued interest of £11,409,941 (2019: £10,532,806), which is not interest bearing. The amounts due are unsecured and repayable on demand.

8. Creditors: amounts falling due within one year

	2020	2019
	£	£
Amounts owed to Group undertakings	<u>21,823,491</u>	<u>20,946,356</u>

Amounts owed to Group undertakings relate to an intercompany loan of £10,413,550 (2019: £10,413,550) which bears interest at 8.4% and accrued interest of £11,409,941 (2019: £10,532,806), which is not interest bearing. The amounts due are unsecured and repayable on demand.

9. Called Up Share Capital

Issued, called up and fully paid

	2020		2019	
	No.	£	No.	£
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

There is a single class of ordinary share. There are no restrictions on the distribution of dividends and the repayment of capital.

10. Reserves

Retained earnings records retained earnings and accumulated losses.

Defence Management Group Holdings Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year Ended 31 December 2020

11. Controlling Party

The immediate parent undertaking is Matrix PFI Holdings Limited.

The intermediate parent undertaking is BIIF Holdco Limited, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of BIIF Holdco Limited consolidated financial statements can be obtained from the Company Secretary at Cannon Place, 78 Cannon Street, London, EC4N 6AF.

The ultimate parent and controlling party is BIIF L.P. BIIF L.P. is owned by a number of investors with no one investor having individual control.