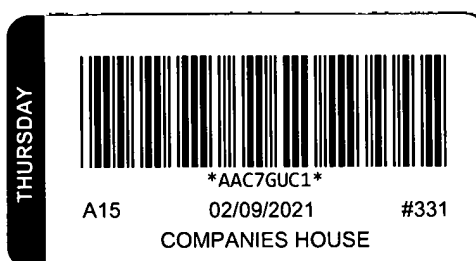


REGISTERED NUMBER: 06880647 (England and Wales)

**Report of the Directors and
Financial Statements for the Year Ended 31 December 2020
for
Walsall LIFT Accommodation Services
Limited**



**Walsall LIFT Accommodation Services
Limited (Registered number: 06880647)**

**Contents of the Financial Statements
for the Year Ended 31 December 2020**

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**Walsall LIFT Accommodation Services
Limited**

**Company Information
for the Year Ended 31 December 2020**

Directors:

P S Andrews
R Darch
N Rae
M W Grinonneau
M G Hartland
A C Ritchie

Secretary:

A P Holland

Registered office:

Challenge House
International Drive
Tewkesbury Business Park
Tewkesbury
Gloucestershire
GL20 8UQ

Registered number:

06880647 (England and Wales)

Auditors:

BDO LLP
Statutory Auditor
Two Snowhill
Birmingham
West Midlands
United Kingdom
B4 6GA

**Walsall LIFT Accommodation Services
Limited (Registered number: 06880647)**

**Report of the Directors
for the Year Ended 31 December 2020**

The directors present their report with the financial statements of the company for the year ended 31 December 2020.

Principal activity

The principal activity of the company in the year under review was that of investment in property and property development.

Dividends

The total distribution of dividends for the year ended 31 December 2020 was £72,000 (2019: nil).

No further dividend is proposed for the year.

Directors

The directors shown below have held office during the whole of the period from 1 January 2020 to the date of this report.

P S Andrews
R Darch
N Rae
M W Grinonneau
M G Hartland
A C Ritchie

Political donations and expenditure

The company made no political or charitable donations in the year (2019: £nil).

Qualifying third party indemnity provisions

The company has put in place qualifying third party indemnity provisions for all of the directors of the company which was in force at the date of approval of this report.

Financial risk management

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

Going concern

The directors have considered the company's net liabilities position at the statement of financial position date and reviewed cash flow forecasts and have concluded that preparation of the financial statements on a going concern basis is appropriate, given the long term contracts in place with Community Health Partnerships and that the net liabilities of £965,000 (2019: £962,000) at the year-end include the fair value of the interest rate swaps, which has been included in liabilities, net of deferred tax, at £1,014,000 (2019: £1,065,000). The financial model shows that the company is a going concern, taking into consideration the interest rates which have been fixed by the swap instruments.

**Walsall LIFT Accommodation Services
Limited (Registered number: 06880647)**

**Report of the Directors
for the Year Ended 31 December 2020**

Going concern - continued

In making their assessment of the ability of the company to continue as a going concern for at least the next 12 months the directors have also considered the potential impact of the ongoing COVID pandemic.

Based upon the financial structure of the company, its long term funding structure and equity risk capital sponsors, the secure nature of their income stream during the year and pronouncements made by HMG, its ability to work in accordance with HMG's social distancing policies and to ensure the availability of critical health infrastructure service delivery, they see no risk to their ability to meet their financial obligations over the next 12 months on a going concern basis.

The directors have considered the possibility that the company may suffer from the failure of one or more of the service delivery partners they rely upon to deliver their services, and to secure their revenue, but believe, in relation to the majority of these, there are alternative providers able to take on these contracts at or around the same price they currently pay and within a short time frame.

If their FM service delivery partner failed they recognise that more work would be required to replace them or to put in place provisions themselves in order to self-deliver services to secure their income streams to enable them to meet their obligations, and they believe they would be able to do so.

In the unlikely event this occurred, the directors accept there may be some short term difficulties to be weathered, which may result in risk capital sponsors being impacted, but they believe they have the finances and the experience to deliver either option, with directors and shareholders having direct experience of replacing their FM service delivery partners in similar circumstances, maintaining the going concern basis of the company.

Statement as to disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies including the exemption from preparing the strategic report.

Approved by the board and signed on its behalf:



.....
N Rae - Director

24th August 2021

Date:

**Walsall LIFT Accommodation Services
Limited (Registered number: 06880647)**

**Statement of Directors' Responsibilities
for the Year Ended 31 December 2020**

The directors are responsible for preparing the Report of the Directors 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.

**Independent Auditors' Report to the Members of
Walsall LIFT Accommodation Services
Limited**

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 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.

We have audited the financial statements of Walsall LIFT Accommodation Services Limited (the 'company') for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 Section 1A 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

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 directors are responsible for the other information. The other information comprises the information in the Report of the Directors and the Statement of Directors' Responsibilities, but does not include the financial statements and our Auditors' Report thereon.

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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 the audit:

- the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors has been prepared in accordance with applicable legal requirements.

**Independent Auditors' Report to the Members of
Walsall LIFT Accommodation Services
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 Report of the Directors.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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' exemptions in preparing the Report of the Directors and from the requirement to prepare a Strategic Report.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, 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 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.

**Independent Auditors' Report to the Members of
Walsall LIFT Accommodation Services
Limited**

Auditors' responsibilities for the audit of the financial statements

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

Extent to which the audit was 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 gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates in, and considered the risks of acts by the Company which were contrary to the applicable laws and regulations, including fraud. These included but were not limited to compliance with Companies Act 2006 and FRS 102.

We designed audit procedures to respond to the risks of material misstatement 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 deliberate concealment by, for example, forgery, misrepresentation or through collusion.

We focused on laws and regulations that could give rise to a material misstatement in the financial statements. Our tests included, but were not limited to:

- Agreement of financial statement disclosures to underlying supporting documentation;
- Enquiries of management;
- Review of minutes of Board meetings throughout the year;
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations

We also addressed the risk of management override in internal controls, including testing journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

Our audit procedures were designed to respond to risks of material misstatement 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 deliberate concealment by, for example, forgery, misrepresentations or through collusion. 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 for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

**Independent Auditors' Report to the Members of
Walsall LIFT Accommodation Services
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 Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

Stephen Hale

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Stephen Hale (Senior Statutory Auditor)
For and on behalf of BDO LLP
Statutory Auditor
Two Snowhill
Birmingham
West Midlands
United Kingdom
B4 6GA

25 August 2021

Date:

BDO LLP is a limited liability partnership registered in England and Wales
(with registered number OC305127).

**Walsall LIFT Accommodation Services
Limited (Registered number: 06880647)**

**Statement of Comprehensive Income
for the Year Ended 31 December 2020**

		2020	2019
	Notes	£'000	as restated £'000
Turnover	4	311	343
Cost of operations		<u>(236)</u>	<u>(230)</u>
Gross profit		75	113
Operating profit	6	75	113
Interest receivable and similar income	7	407	420
Interest payable and similar expenses	8	<u>(460)</u>	<u>(468)</u>
Profit before taxation		22	65
Tax on profit	9	<u>(4)</u>	<u>(12)</u>
Profit for the financial year		18	53
Other comprehensive income			
Change in fair value of Cash Flow Hedge		31	142
Income tax relating to other comprehensive income		<u>20</u>	<u>(24)</u>
Other comprehensive income for the year, net of income tax		<u>51</u>	<u>118</u>
Total comprehensive income for the year		<u><u>69</u></u>	<u><u>171</u></u>

The notes on pages 12 to 24 form part of these financial statements

**Walsall LIFT Accommodation Services
Limited (Registered number: 06880647)**

**Statement of Financial Position
31 December 2020**

		2020	2019
		£'000	as restated £'000
Current assets	Notes		
Debtors: amounts falling due within one year	12	192	213
Debtors: amounts falling due after more than one year	12	6,271	6,202
Cash at bank	13	<u>829</u>	<u>780</u>
		7,292	7,195
Creditors			
Amounts falling due within one year	14	<u>(317)</u>	<u>(322)</u>
Net current assets		<u>6,975</u>	<u>6,873</u>
Total assets less current liabilities		6,975	6,873
Creditors			
Amounts falling due after more than one year	15	<u>(7,940)</u>	<u>(7,835)</u>
Net liabilities		<u>(965)</u>	<u>(962)</u>
Capital and reserves			
Called up share capital	17	-	-
Cash flow hedge reserve		(1,014)	(1,065)
Retained earnings		<u>49</u>	<u>103</u>
Shareholders' funds		<u>(965)</u>	<u>(962)</u>

The 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 on24th August 2021..... and were signed on its behalf by:



.....
N Rae - Director

The notes on pages 12 to 24 form part of these financial statements

**Walsall LIFT Accommodation Services
Limited (Registered number: 06880647)**

**Statement of Changes in Equity
for the Year Ended 31 December 2020**

	Called up share capital £'000	Retained earnings £'000	Cash flow hedge reserve £'000	Total equity £'000
Balance at 1 January 2019 (as previously reported)	-	50	(2,028)	(1,978)
Prior year adjustment	-	-	845	845
Balance at 1 January 2019 (as restated)	-	50	(1,183)	(1,133)
Changes in equity				
Profit for the year	-	53	-	53
Other comprehensive income	-	-	118	118
Total comprehensive income	-	53	118	171
Balance at 31 December 2019	-	103	(1,065)	(962)
Changes in equity				
Profit for the year	-	18	-	18
Other comprehensive income	-	-	51	51
Total comprehensive income	-	18	51	69
Dividends	-	(72)	-	(72)
Balance at 31 December 2020	-	49	(1,014)	(965)

The notes on pages 12 to 24 form part of these financial statements

**Notes to the Financial Statements
for the Year Ended 31 December 2020**

1. Statutory information

Walsall LIFT Accommodation Services Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The nature of the company's operations and its principal activity are set out in the Report of the Directors.

2. Accounting policies

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified by the restatement of certain assets and liabilities at fair value.

The presentation currency of the financial statements is the Pound Sterling (£).

Disclosure of values in the financial statements are shown as round £'000.

Going concern

The directors have considered the company's net liabilities position at the statement of financial position date and reviewed cash flow forecasts and have concluded that preparation of the financial statements on a going concern basis is appropriate, given the long term contracts in place with Community Health Partnerships and that the net liabilities of £965,000 (2019: £962,000) at the year-end include the fair value of the interest rate swaps, which has been included in liabilities, net of deferred tax, at £1,014,000 (2019: £1,065,000). The financial model shows that the company is a going concern, taking into consideration the interest rates which have been fixed by the swap instruments.

In making their assessment of the ability of the company to continue as a going concern for at least the next 12 months the directors have also considered the potential impact of the ongoing COVID pandemic.

Based upon the financial structure of the company, its long term funding structure and equity risk capital sponsors, the secure nature of their income stream during the year and pronouncements made by HMG, its ability to work in accordance with HMG's social distancing policies and to ensure the availability of critical health infrastructure service delivery, they see no risk to their ability to meet their financial obligations over the next 12 months on a going concern basis.

The directors have considered the possibility that the company may suffer from the failure of one or more of the service delivery partners they rely upon to deliver their services, and to secure their revenue, but believe, in relation to the majority of these, there are alternative providers able to take on these contracts at or around the same price they currently pay and within a short time frame.

If their FM service delivery partner failed they recognise that more work would be required to replace them or to put in place provisions themselves in order to self-deliver services to secure their income streams to enable them to meet their obligations, and they believe they would be able to do so.

In the unlikely event this occurred, the directors accept there may be some short term difficulties to be weathered, which may result in risk capital sponsors being impacted, but they believe they have the finances and the experience to deliver either option, with directors and shareholders having direct experience of replacing their FM service delivery partners in similar circumstances, maintaining the going concern basis of the company.

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2020**

2. Accounting policies - continued

Public to private concession arrangements

A substantial portion of the company's assets are used within the framework of concession contracts granted by public sector customers ('grantors'). Under these contracts, the company constructs primary care centres that are leased to Community Health Partnerships Limited (CHP), a private limited company wholly owned by the Department of Health (the NHS), on 25 year leases.

In order to fall within the scope of Public to private concession arrangements (FRS 102 s34) a contract must satisfy the following two criteria:

(a) the grantor controls or regulates what services the operator must provide using the infrastructure assets, to whom, and at what price; and

(b) the grantor controls, through ownership, beneficial entitlement or otherwise, any significant residual interest in the assets at the end of the term of the arrangement.

Pursuant to FRS 102 s34, such infrastructures are not recognised in assets of the operator as property, plant and equipment but in financial assets ('financial asset model').

Financial asset model

The financial asset model applies when the operator has an unconditional right to receive cash or another financial asset from the grantor.

In the case of concession services, the operator has such an unconditional right if the grantor contractually guarantees the payment of:

(a) amounts specified or determined in the contract; or

(b) the shortfall, if any, between amounts received from users of the public service and amounts specified or determined in the contract.

Financial assets resulting from the application of FRS 102 s34 are recorded in the statement of financial position under the heading finance receivables and measured initially at fair value but subsequently at amortised cost.

An impairment loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the financial asset's original effective interest rate.

The portion falling due within less than one year is presented in current assets, while the portion falling due after more than one year is presented in the non-current heading.

Revenue associated with this financial model comprises revenue determined on a completion basis in the case of the construction of operating financial assets and service remuneration. The stage of completion of construction is determined by comparing independently certified costs incurred to date to total contracted costs.

Revenue is recognised by allocating a proportion of total cash receivable to construction and service income. The consideration received will be allocated by reference to the relevant fair value of the services delivered, when the amounts are separately identified.

During the construction phase, revenue is recognised at fair value, based on the fair value of construction services provided to the extent that this is reasonably certain, in accordance with FRS 102 s34 'Specialised Activities', Service Concession Arrangements s34.14. Costs for this purpose include valuation of all work done by subcontractors whether certified or not, and all overheads other than those relating to the general administration of the relevant companies.

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2020**

2. Accounting policies - continued

During the operational stage, cash received in respect of the service concessions is allocated to service and maintenance revenue based on its fair value, with the remainder being allocated between capital repayments and interest using the effective interest method.

The finance receivables are held as finance receivable in accordance with FRS 102 s11 'Basic Financial Instruments' s11.13 and s11.14. Finance receivables are recognised initially at fair value. Subsequent to initial recognition, finance receivables are measured at amortised cost using the effective interest method less any impairment losses.

Turnover

The company has been engaged solely in continuing activities in a single class of business within the United Kingdom. The company recognises income when it has fully fulfilled its contractual obligations.

Other revenue items comprise 'Property management and related services'.

Property management and related services revenue relates to lifecycle maintenance and facilities management income and ad hoc property related services income. The former relates to work performed by the company under concession arrangements to maintain and repair the primary care centres that it operates. Consideration received in respect of property management and related services revenue is only recorded as revenue to the extent that the company has performed its contractual obligations in respect of that consideration.

Rental income from operating leases is recognised in income on a straight-line basis over the lease term and revenue attributable to costs in future periods is deferred.

Financial instruments

Financial instruments are recognised in the Statement of Financial Position when the company becomes party to the contractual provisions of the instrument.

Financial assets, other than investments and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities, excluding convertible debt and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

Derivative financial instruments are initially recorded at cost and thereafter at fair value with changes recognised in Statement of Comprehensive Income.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2020**

2. Accounting policies - continued

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Debt issue costs

Costs of debt issue are charged to the profit and loss account over the life of the instrument to which they relate.

Hedge accounting

The company has entered into variable to fixed rate interest swaps to manage its exposure to interest rate cash flow risk on its variable rate debt. The company also uses derivative financial instruments to hedge its exposure to fluctuations in RPI changes on income received. These derivatives are measured at fair value at each reporting date. To the extent the hedge is effective, movements in fair value are recognised in other comprehensive income and presented in a separate cash flow hedge reserve. Any ineffective portions of those movements are recognised in profit or loss for the period.

Determination of fair values

The fair value of interest rate and RPI swaps is based on market values, fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the company and counterparts when appropriate. The fair values specifically exclude any apparent day 1 gains or losses arising from a comparison of the transaction price and fair value if derived from a valuation technique that requires the use of unobservable market data. These day 1 gains and losses are recognised as they are realised over the passage of time as part of the interest payable and similar expenses. This accounting policy was developed with reference to the principles of IFRS 9, as permitted by Section 10 of FRS 102 when FRS 102 itself provides insufficient guidance on a specific transaction or element of a transaction.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Reserves

The company's reserves are as follows;

- called up share capital reserve represents the nominal value of the shares held;
- cash flow hedge reserve represents the cumulative value of gains and losses on the derivative instrument deemed effective at the year-end, net of deferred tax; and
- retained earnings represents cumulative profits, net of dividends paid and other adjustments.

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2020**

3. Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with the adopted FRS require management to make judgements, estimates and assumptions that affect the application of policies and reported amounts in the financial statements. The estimates and judgements that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Key sources of estimation uncertainty

(a) Finance receivables (Note 12) - The calculation of the amortised cost of finance receivables requires an estimate of the residual value of the property at the end of the lease term. This estimate is based on the residual value allocated to the contract in the financial models, which form the basis for the calculation of rent charged to the lessee and which were assessed at financial close.

The directors have applied their judgement in determining the valuation policy and estimate used in the financial models, and are of the opinion that the values and assumptions currently used in the financial model continue to be appropriate. They keep this valuation under regular review and will review and update the relevant values as the likely course of action the tenant may take, and expected ultimate values, become clearer in future periods.

(b) RPI index (Note 12) - The finance debtors predict a level of RPI increases for future receipts and costs. This represents a degree of judgement and uncertainty given the nature of RPI. Where RPI differs from the estimated rate of 2.5%, this will impact future receipts and costs and thus increase/reduce the floating operating mark-up over the remaining concession arrangement, which affects the amount of income recognised in any given period.

(c) Construction and operating revenue (Notes 4) - Where properties are constructed by the company and are disposed of on finance receivables, construction and operating revenue is recognised at cost plus an estimated mark up for profit on those services. After the construction of the property the company provides property management services; the remuneration for these services is recognised at cost plus an estimated mark up for profit on property management services. It is the policy of management that the operating mark-up is reviewed annually to generate a new operating mark-up, which is to be applied in the ensuing financial year.

(d) Fair value of swap liabilities (Note 15) - Derivatives are professionally valued annually. The estimated value of derivative transactions is the valuation at the balance sheet date and this valuation can change significantly even over a very short space of time. The valuation of derivative transactions is complex and such transactions can be calculated in a number of different ways and using a variety of methods. There are a number of factors that can affect the value of a transaction and which may not be taken into account in the valuation estimate provided. This may result in the transaction having an actual value which is higher or lower than the estimate included in these financial statements.

(e) Creditors due within one year (Note 14) - Included within accruals is a provision of £21,000 relating to estimated costs of future works for the rectification of fire stopping behind fire door architraves at the property. There is currently uncertainty over how many of the doors will require rectification work, but an independent assessment of likely costs has been included in the accounts.

Critical judgements

Concession arrangements - The concession arrangements undertaken by the company are considered to fall within the scope of FRS102 s34.12. This judgement has been based on a consideration of the nature and terms of the agreements and in all of the contracts the existence of an option for the grantor to purchase the properties.

A further critical judgement in applying service concession arrangement is to have the financial asset interest rate as the fixed element and the operating mark-up as the fluctuating variable. The financial asset interest rate is based on the weighted average cost of debt of the project and is applied to the carrying value of the financial asset on a quarterly basis.

**Walsall LIFT Accommodation Services
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**Notes to the Financial Statements - continued
for the Year Ended 31 December 2020**

4. Turnover

Turnover comprises

	2020 £'000	2019 £'000
Property management and related services	<u>311</u>	<u>343</u>

5. Directors' emoluments

The directors have no contract of service with the company. No remuneration was paid to the directors in respect of their services to the company (2019: £nil). It is not possible to accurately apportion the remuneration paid to the directors by their shareholder companies for their work for the company.

6. Operating profit

Audit fees for the company are borne by the company's holding company Infracare Wolverhampton and Walsall Limited.

The audit fee in respect of the company is £6,075 (2019: £5,740). No non-audit services were provided by the auditors (2019: none).

The company employed no staff during the year (2019: none).

7. Interest receivable and similar income

	2020 £'000	2019 £'000
Deposit account interest	1	1
Imputed interest on contract debtor	<u>406</u>	<u>419</u>
	<u>407</u>	<u>420</u>

8. Interest payable and similar expenses

	2020 £'000	2019 £'000
Bank loan interest	365	372
Sub debt interest payable	81	83
Amortisation of issue costs	6	6
Other bank charges	<u>8</u>	<u>7</u>
	<u>460</u>	<u>468</u>

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**Notes to the Financial Statements - continued
for the Year Ended 31 December 2020**

9. Taxation

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2020	2019
	£'000	£'000
Current tax:		
UK corporation tax	<u>4</u>	<u>12</u>
Tax on profit	<u><u>4</u></u>	<u><u>12</u></u>

UK corporation tax has been charged at 19% (2019 - 19%).

Tax effects relating to effects of other comprehensive income

	2020	
	Gross	Tax
	£'000	£'000
Change in fair value of Cash Flow Hedge	<u><u>31</u></u>	<u><u>20</u></u>
		<u><u>51</u></u>

	2019 (as restated)	
	Gross	Tax
	£'000	£'000
Change in fair value of Cash Flow Hedge	<u><u>142</u></u>	<u><u>(24)</u></u>
		<u><u>118</u></u>

10. Dividends

	2020	2019
	£'000	£'000
Ordinary share of £1		
Interim	<u><u>72</u></u>	<u><u>-</u></u>

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**Notes to the Financial Statements - continued
for the Year Ended 31 December 2020**

11. Prior year adjustment

In prior years, the valuation of derivatives in the financial statements included a day 1 valuation (based on a valuation model that required the use of unobservable market data) that differed from the transaction price of £nil. As a result of a review into the Company's hedge accounting treatment, it has been identified that this valuation was incorrectly included within the cash flow hedge reserve since the inception of the hedge and adoption of FRS102. In developing an appropriate accounting policy for the apparent day 1 loss, the directors have considered the principles of IFRS9, as permitted by section 10 of FRS102. The day 1 loss has been deferred by a deduction from the marked-to-model fair value of the derivative and will be charged to profit or loss over the life of the derivative contract within interest payable and similar expenses.

The revaluations of the RPI SWAP has resulted in it being classified as an asset, so it is now shown within debtors due after more than one year, rather than within creditors.

The effect of this correction in the prior year is:

		2019 £'000
Debit	Derivatives	612
Debit	Debtors due after more than one year	370
Credit	Deferred Tax	(167)
Credit	Cash flow hedge reserve at 1 January 2019	(845)
Debit	Cash flow hedge reserve debit for the period	30

12. Debtors

	2020 £'000	2019 as restated £'000
Amounts falling due within one year:		
Trade debtors	1	-
Finance receivable on contract debtor	190	212
Prepayments and accrued income	<u>1</u>	<u>1</u>
	<u>192</u>	<u>213</u>
Amounts falling due after more than one year:		
Finance receivable on contract debtor	5,407	5,614
Derivative financial instrument (RPI swap asset)	626	370
Deferred tax on fair value of swap at year end	<u>238</u>	<u>218</u>
	<u>6,271</u>	<u>6,202</u>
Aggregate amounts	<u>6,463</u>	<u>6,415</u>

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2020**

12. Debtors - continued

Finance receivable on contract debtor is the value of the financial asset arising from the service concession arrangement as the company has a contractual right to receive cash from the grantor for the construction and services provided.

RPI SWAP

The company has entered into a swap agreement with the Royal Bank of Scotland to hedge the company's exposure to fluctuations in RPI changes on income received. The RPI swap has been revalued and is now shown as an asset as part of a prior year adjustment. Before the revaluation it was shown within Creditors due after more than one year (Note 15). The change in fair value in the period is recognised in other comprehensive income as the swaps were 100% effective hedges.

Fair values of swap

Projects	Notional amounts	Fixed rate	Bank values		Adjusted values per financial statements	
			2020	2019	2020	2019 as restated
	£'000		£'000	£'000	£'000	£'000
Goscote Palliative Care Centre	38 p.a.	2.88%	(199)	(422)	626	370

13. Cash at bank

Restricted cash

Included in cash at bank are amounts restricted for future use by the project's FM provider (Lifecycle maintenance reserve account), Additional lifecycle reserve account and amounts held for lenders' security (Debt service reserve account).

	2020 £'000	2019 £'000
Lifecycle maintenance reserve account	248	175
Additional lifecycle reserve account	67	67
Debt service reserve account	231	241

14. Creditors: amounts falling due within one year

	2020 £'000	2019 £'000
Subordinated debt (see note 16)	13	14
Bank loans and overdrafts (see note 16)	113	117
Trade creditors	10	10
Amounts owed to group undertakings	2	2
Corporation tax payable	4	12
VAT	35	39
Accruals and deferred income	140	128
	<u>317</u>	<u>322</u>

**Walsall LIFT Accommodation Services
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**Notes to the Financial Statements - continued
for the Year Ended 31 December 2020**

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

	2020	2019 as restated
	£'000	£'000
Subordinated debt (see note 16)	600	612
Bank loans (see note 16)	5,317	5,430
Derivative financial instruments	1,878	1,653
Accruals and deferred income	<u>145</u>	<u>140</u>
	<u>7,940</u>	<u>7,835</u>

Amounts falling due in more than five years:

Repayable by instalments		
Subordinated debt	504	532
Bank loans	4,536	4,790
Unamortised issue cost	<u>(55)</u>	<u>(61)</u>
	<u>4,985</u>	<u>5,261</u>

Derivative financial instruments

The company has entered into swap agreements with the Royal Bank of Scotland in order to fix the interest rate applied to balances on the facility. The notional amount, fixed interest rate and fair values of the swaps are as follows:

Fair values of swap

Projects	Notional amounts	Fixed rate	Bank values		Adjusted values per financial statements	
			2020	2019	2020	2019 as restated
	£'000		£'000	£'000	£'000	£'000
Goscote Palliative Care Centre	5,514	4.40%	2,069	1,843	1,878	1,653

The derivatives are accounted for as a hedge of variable interest rate risks, in accordance with FRS 102. The cash flows arising from the interest rate swaps will continue until their maturity, coinciding with the repayment of the loans.

The change in fair value in the period is recognised in other comprehensive income as the swaps were 100% effective hedges.

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**Notes to the Financial Statements - continued
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16. Loans

An analysis of the maturity of loans is given below:

	2020 £'000	2019 £'000
Amounts falling due within one year or on demand:		
Subordinated debt	13	14
Bank loans	119	123
Unamortised issue cost	<u>(6)</u>	<u>(6)</u>
	<u>126</u>	<u>131</u>
Amounts falling due between one and two years:		
Subordinated debt	18	13
Bank loans	159	119
Unamortised issue cost	<u>(6)</u>	<u>(6)</u>
	<u>171</u>	<u>126</u>
Amounts falling due between two and five years:		
Subordinated debt	78	67
Bank loans	700	605
Unamortised issue cost	<u>(17)</u>	<u>(17)</u>
	<u>761</u>	<u>655</u>
Amounts falling due in more than five years:		
Repayable by instalments		
Subordinated debt	504	532
Bank loans	4,536	4,790
Unamortised issue cost	<u>(55)</u>	<u>(61)</u>
	<u>4,985</u>	<u>5,261</u>

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2020**

16. Loans - continued

Bank loans relate to a term loan facility granted by Royal Bank of Scotland to the company.

Projects	2019 £'000	Capital Payments £'000	2020 £'000
Goscote Centre	5,637	(123)	5,514

The loan facility is repayable in half yearly instalments which commenced on 31 March 2005. Interest is charged on balances outstanding on the term loan facilities based on the floating LIBOR rate. The variable rate of interest is 1.76% to 2.51% per annum above LIBOR. Interest rate swaps have been entered into, fixing the rates on these loans.

Loan issue costs have been offset against bank borrowings and are being amortised over the term of the facility as part of the finance cost.

The term facility is secured by a fixed charge over all land and building interests, book debts, project accounts and intellectual property of the company and by a floating charge over the company's undertakings and assets.

Subordinated loan notes are unsecured and relate to the following:

Project	Interest rate	Date issued	Value at 31 December 2020 £'000	Payment commencement date
Goscote Centre	13%	6 October 2009	613	31 December 2011

13% interest and principal repayments are payable half yearly on these subordinated loan notes, which can be redeemed at any time by the company but not later than 30 June 2035.

17. Called up share capital

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2020 £	2019 £
1	Ordinary	£1	<u>1</u>	<u>1</u>

18. Other financial commitments

The company is committed to fixed index linked fees for Facilities Management and Lifecycle Maintenance for a 25 year period; fees for lifecycle maintenance may only be drawn when work is completed. The average annual payment to G4S Facilities Management (UK) Limited for the building (excluding indexation) amounts in total to £143,000.

	2020 £'000	2019 £'000
Facilities management & lifecycle charges for the year made by G4S Facilities Management (UK) Limited	202	199

Under the terms of management agreements with its parent company, Infracare Wolverhampton and Walsall Limited, the company is committed to the payment of fixed and variable fees for a 25 year period until December 2035, based on services provided in the contract term which includes services provided during the period of construction. The average annual payment to Infracare Wolverhampton and Walsall Limited for building management (excluding indexation) amounts in total to £15,156.

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**Notes to the Financial Statements - continued
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19. Related party disclosures

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

During the year, rent and other costs were charged by the company to Community Health Partnerships Limited, a company that has a beneficial interest in Infracare Wolverhampton and Walsall Limited.

	2020	2019
	£'000	£'000
Rent and other costs charged by the company to:		
Community Health Partnerships Limited	944	1,089

Amounts due from the company at the year-end:		
Community Health Partnerships Limited	1	3

The following transactions relating to subordinated loan notes occurred during the year with companies which are related to entities which have a beneficial interest in Infracare Wolverhampton and Walsall Limited:

Related Party	Closing balances		Interest charged	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Community Health Partnerships Limited	245	251	32	33
Semperian Joint Ventures Limited	63	64	8	8

Semperian Joint Ventures Limited is a related party due its interest in Lift Healthcare Investments Limited, a shareholder of Infracare Wolverhampton and Walsall Limited.

Key management personnel include all directors who together have authority and responsibility for planning, directing and controlling the activities of the company. The total compensation paid to key management personnel for services provided to the company was £nil (2019: £nil).

20. Ultimate controlling party

The entire share capital of Walsall LIFT Accommodation Services Limited is held by Walsall Holdco Limited, which in turn is held by Infracare Wolverhampton and Walsall Limited, a company which files individual financial statements in the United Kingdom. Copies of the financial statements can be obtained from Companies House, Cardiff, CF14 3UZ.

60% of the shares of Infracare Wolverhampton and Walsall Limited are held by Lift Healthcare Investments Limited. The remaining 40% of the shares are held by Community Health Partnerships Limited.

Lift Healthcare Investments Limited is a company owned 83% by AHBB LHIL Holdings Limited and 17% by Semperian Joint Ventures Limited; both companies are incorporated in the United Kingdom.

AHBB LHIL Holdings Limited is a joint venture between Ambrite LIFT Holdings Limited, and Infracare Lift Holdings Limited, a company incorporated in the United Kingdom.

In the opinion of the directors, there is no ultimate controlling party of Infracare Wolverhampton and Walsall Limited by virtue of the company's joint ownership and control.