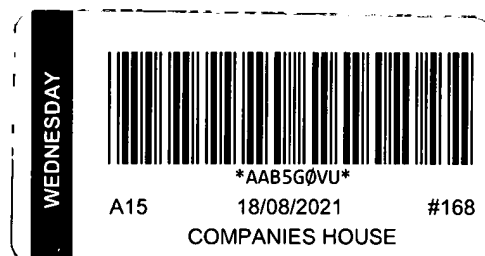


**Hull Citycare (Fundco 4) Limited**  
**Annual report and financial statements**  
**for the year ended 31 December 2020**

**Registered Number 7406106**



# **Hull Citycare (Fundco 4) Limited**

## **Annual report and financial statements for the year ended 31 December 2020**

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# Hull Citycare (Fundco 4) Limited

## Directors' report for the year ended 31 December 2020

The company has taken the exemption under Section 414B of the Companies Act 2006 from presenting a strategic report by virtue of the fact that the company is small.

The directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2020.

### Principal activities

The Company's principal activity during the year was the operation of primary health care facilities.

### Results and dividends

The Company's profit for the financial year ended 31 December 2020 was £213,695 (2019: loss £29,755).

The Company has net cash of £594,817 (2019: £722,325).

No dividends were paid during the year. The directors do not recommend the payment of a final dividend in respect of the year ended 31 December 2020 (2019: £Nil). The profit for the financial year of £213,695 (2019: loss of £29,755) has been added to reserves.

### Directors

The directors who held office during the year and up to the date of the signing of this report are given below:

Hull Citycare Limited  
D A Leedham  
P E Sewell

### Director indemnities

Qualifying third party indemnity provisions as defined by Section 234 of the Companies Act were in place throughout the year.

### Going concern

The directors believe preparing the financial statements on the going concern basis is appropriate as per the accounting policy on page 10.

# Hull Citycare (Fundco 4) Limited

## Directors' report for the year ended 31 December 2020 (continued)

### Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). 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 year. 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; and
- 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 to 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.

### Provision of information to auditors

Each of the persons who are directors at the time when this Directors' report was approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the Company's auditor in connection with preparing their report and to establish that the Company's auditor is aware of that information.

### Covid-19

During the financial year and continuing post year end, there has been a global Covid-19 pandemic which has impacted on all areas and sectors including the operation of health facilities. The Company is continuing to operate, implementing the necessary business continuity procedures however the nature of the Company's income streams means the impact has been minimal. The Company is monitoring the business risks associated with the pandemic. The directors ensure that they continuously monitor and respond to Government advice on safe working practices.

# Hull Citycare (Fundco 4) Limited

## Directors' report for the year ended 31 December 2020 (continued)

### Independent auditors

Under section 487(2) of the Companies Act 2006, RSM UK Audit LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier.

This report has been prepared in accordance with the provisions applicable relating to companies entitled to the small companies exemption.

This report was approved by the board of directors on **12** August 2021 and signed on behalf of the board by:

D A Leedham  
Director



Date: **12 August 2021**

# **Independent auditors' report to the members of Hull Citycare (Fundco 4) Limited**

## **Opinion**

We have audited the financial statements of Hull Citycare (Fundco 4) Limited (the 'company') for the year ended 31 December 2020 which comprise income statement, statement of financial position, statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its 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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

## **Other information**

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

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

We have nothing to report in this regard.

# **Independent auditors' report to the members of Hull Citycare (Fundco 4) 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters 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 take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the directors' report.

## **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## **Auditor's responsibilities for the audit of the financial statements**

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

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

# Independent auditors' report to the members of Hull Citycare (Fundco 4) Limited (continued)

## The extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

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 audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is 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.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to health and safety. We performed audit procedures to inquire of management whether the company is in compliance with these laws and regulations, reviewed Board minutes and requested sight of any other relevant correspondence in order to draw a conclusion.

The 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,
- challenging judgements and estimates made by management 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*

Richard Lewis (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
Two Humber Quays  
Wellington Street West  
Hull  
HU1 2BN

16 August 2021



# Hull Citycare (Fundco 4) Limited

## Income Statement for the year ended 31 December 2020

		31 December 2020	31 December 2019
	Note	£	£
<b>Turnover</b>	2	<b>1,796,796</b>	1,753,622
Cost of sales		(398,581)	(425,367)
<b>Gross profit</b>		<b>1,398,215</b>	1,328,255
Administrative expenses		(595,219)	(591,440)
<b>Operating profit</b>	3	<b>802,996</b>	736,815
Interest payable and similar expenses	5	(686,567)	(709,103)
<b>Profit before taxation</b>		<b>116,429</b>	27,712
Tax on profit	6	97,266	(57,467)
<b>Profit/(loss) for the financial year</b>		<b>213,695</b>	(29,755)

All of the above results are derived from continuing operations.

There is no other comprehensive income for the financial year.

# Hull Citycare (Fundco 4) Limited

## Statement of financial position as at 31 December 2020

	Note	31 December 2020 £	31 December 2019 £
<b>Fixed assets</b>			
Tangible assets	7	12,329,664	12,648,933
		<b>12,329,664</b>	<b>12,648,933</b>
<b>Current assets</b>			
Debtors	8	324,722	102,001
Cash at bank and in hand	9	594,817	722,325
		<b>919,539</b>	<b>824,326</b>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	10	(2,439,807)	(2,573,704)
<b>Net current liabilities</b>		<b>(1,520,268)</b>	<b>(1,749,378)</b>
<b>Total assets less current liabilities</b>		<b>10,809,396</b>	<b>10,899,555</b>
Creditors: amounts falling due after more than one year	11	(10,791,279)	(11,217,953)
<b>Provisions for liabilities</b>			
Deferred taxation	14	(266,628)	(143,808)
<b>Net liabilities</b>		<b>(248,511)</b>	<b>(462,206)</b>
<b>Capital and reserves</b>			
Called up share capital	13	1	1
Profit and loss account		(248,512)	(462,207)
<b>Total equity</b>		<b>(248,511)</b>	<b>(462,206)</b>

The financial statements on pages 7 to 23 were approved by the board of directors and authorised for issue on 12 August 2021 and were signed on its behalf by:

D A Leedham  
Director



Registered number 7406106

# Hull Citycare (Fundco 4) Limited

## Statement of changes in equity for the year ended 31 December 2020

	Called up share capital £	Profit and loss account £	Total £
Balance as at 1 January 2019	1	(432,452)	(432,451)
(Loss) for the financial year	-	(29,755)	(29,755)
Balance as at 31 December 2019	1	(462,207)	(462,206)
Profit for the financial year	-	213,695	213,695
<b>Balance as at 31 December 2020</b>	<b>1</b>	<b>(248,512)</b>	<b>(248,511)</b>

# Hull Citycare (Fundco 4) Limited

## Notes to the financial statements for the year ended 31 December 2020

### 1 Accounting policies

#### General Information

Hull Citycare (Fundco 4) Limited ('the Company') operates as a provider of primary health care facilities.

The Company is a private company limited by shares and is incorporated in the United Kingdom. The address of its registered office is Geneva Way, Leads Road, Hull, HU7 0DG.

#### Basis of accounting

The financial statements of Hull Citycare (Fundco 4) Limited have been prepared in accordance 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.

These financial statements are prepared on the going concern basis, in accordance with applicable UK Accounting Standards, under the historical cost convention.

#### Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in policy "Critical judgements and estimates in applying the accounting policies" below.

#### Going concern

The financial statements have been prepared on a going concern basis even though the company has net liabilities because the company continues to trade at least in line with the financial model which shows the contract being profitable and cash generative over its life.

The ongoing Covid-19 pandemic has continued to create a challenge for the Company although it has had minimal impact on the Company's ability to trade, as all of the health centres were kept open as normal and were maintained by a reduced out of hours facilities management support service and as such both income and expenditure continued as normal. In addition, the Company has produced cash flow forecasts up to 31 December 2022 which confirm that the Company has adequate resources to meet its borrowing requirements and to continue in operational existence for the period and as such the Directors believe it is appropriate to adopt the going concern basis of accounting in preparing the financial statements.

# **Hull Citycare (Fundco 4) Limited**

## **Notes to the financial statements for the year ended 31 December 2020 (continued)**

### **1 Accounting policies (continued)**

#### **Exemptions for qualifying entities under FRS 102**

FRS 102 allows a qualifying entity certain disclosure exemptions, if certain conditions, have been complied with, including notification of and no objection to, the use of exemptions by the Company's shareholders. A qualifying entity is defined as a member of a group that prepares publicly available financial statements, which give a true and fair view, in which that member is consolidated.

As a qualifying entity, the Company has taken advantage of the following exemption:

- (i) from the requirement to prepare a statement of cash flows as required by paragraph 3.17(d) of FRS 102.

The financial statements of the company are consolidated in the financial statements of Hull Citycare (Investments) Limited. The consolidated financial statements of Hull Citycare (Investments) Limited are available from its registered office, Geneva Way, Leads Road, Hull, HU7 0DG.

#### **Functional and presentational currencies**

- (i) Functional and presentation currency

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

- (ii) Transactions and balances

The company had had no foreign currency transactions or balances.

#### **Turnover**

Turnover represents the total value of the lease plus payments receivable, excluding VAT. Lease plus payments include the rental of land and buildings, buildings facilities management and lifecycle costs for the length of the lease period.

# Hull Citycare (Fundco 4) Limited

## Notes to the financial statements for the year ended 31 December 2020 (continued)

### 1 Accounting policies (continued)

#### Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

#### (i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

#### (ii) Deferred taxation

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These 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 recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

#### Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price and costs directly attributable to bringing the asset to its working condition for its intended use.

Interest directly attributable to the construction of tangible fixed assets, incurred at the time that identifiable major capital projects were ready for service, was capitalised as part of the costs of the assets.

#### Depreciation

Land is not depreciated. Depreciation on other assets is calculated, using the straight-line method, to allocate the depreciable amount to their residual values over their estimated useful lives, as follows:

Buildings	25 years
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# **Hull Citycare (Fundco 4) Limited**

## **Notes to the financial statements for the year ended 31 December 2020 (continued)**

### **1 Accounting policies (continued)**

#### **Depreciation (continued)**

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period.

#### **Leases**

At inception the Company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

##### **(a) Company as a lessor**

###### **Operating leased assets**

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

###### **Lease incentives**

Incentives received to enter into an operating lease are credited to the income statement, to increase the lease income, on a straight-line basis over the period of the lease.

The company has taken advantage of the exemption in respect of lease premiums on leases in existence on the date of transition to FRS 102 and continues to credit such lease incentives to the income statement over the period to the first review date on which the rent is adjusted to market rates.

###### **Impairment of non-financial assets**

At each reporting date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

# Hull Citycare (Fundco 4) Limited

## Notes to the financial statements for the year ended 31 December 2020 (continued)

### 1 Accounting policies (continued)

#### Impairment of non-financial assets (continued)

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the income statement.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the income statement.

#### Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### Distributions to equity holders

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

#### Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

#### Financial instruments

The Company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

##### (i) Financial assets

Basic financial assets, including trade and other debtors and amounts due from Group undertakings are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the income statement.



# Hull Citycare (Fundco 4) Limited

## Notes to the financial statements for the year ended 31 December 2020 (continued)

### 1 Accounting policies (continued)

#### (i) Financial assets (continued)

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the income statement.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party, or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

#### (ii) Financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans and amounts owed to fellow group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

#### (iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle to liability simultaneously.

# Hull Citycare (Fundco 4) Limited

## Notes to the financial statements for the year ended 31 December 2020 (continued)

### 1 Accounting policies (continued)

#### **Critical judgements and estimates in applying the accounting policies**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

#### **Key accounting estimates and assumptions**

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

#### *Useful economic lives of tangible assets*

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, future investments, economic utilisation and the physical condition of the assets. See note 7 for the carrying amount of the leasehold land and buildings, and above for the useful economic lives for each class of assets.

#### **Key areas of judgement**

##### *Leases*

In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the company as lessee, or the lessee where the company is a lessor.

# Hull Citycare (Fundco 4) Limited

## Notes to the financial statements for the year ended 31 December 2020 (continued)

### 2 Turnover

Turnover is generated from the principal activity of the company. All turnover arose within the United Kingdom.

### 3 Operating profit

	31 December 2020 £	31 December 2019 £
<b>Operating profit is stated after charging/(crediting):</b>		
Depreciation - Owned assets (note 7)	319,269	319,269
Operating lease rentals	(1,796,796)	(1,753,622)

The audit fees have been borne by another group company.

### 4 Employee information

	31 December 2020 No.	31 December 2019 No.
The average monthly number (including executive directors) employed by the Company during the year was:		
Management and administration	2	2
	2	2

The company has no employees other than the directors (2019: none) who did not receive any remuneration in respect of their services to the company.

### 5 Interest payable and similar expenses

	31 December 2020 £	31 December 2019 £
<b>Interest payable and similar charges</b>		
Bank loans	686,567	709,103

# Hull Citycare (Fundco 4) Limited

## Notes to the financial statements for the year ended 31 December 2020 (continued)

### 6 Tax on profit

#### (a) Tax expense included in profit or loss

	31 December 2020 £	31 December 2019 £
<b>Current tax:</b>		
UK corporation tax on taxable profit for the year	-	65,926
Group relief	1,093	-
Adjustments in respect of prior periods	(221,179)	-
<b>Total current tax</b>	<b>(220,086)</b>	<b>65,926</b>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	51,401	(8,459)
Adjustments in respect of prior periods	48,764	-
Changes in tax rates	22,655	-
<b>Total deferred tax (see note 14)</b>	<b>122,820</b>	<b>(8,459)</b>
<b>Total tax charge</b>	<b>(97,266)</b>	<b>57,467</b>

#### (b) Reconciliation of tax charge

The tax assessed for the year is lower (2019: higher) than the standard effective rate of corporation tax in the UK for the year ended 31 December 2020 of 19% (2019: 19%). The differences are explained below:

	31 December 2020 £	31 December 2019 £
Profit before taxation	116,429	27,712
Profit before taxation multiplied by the standard rate of corporation tax in the UK of 19% (2019: 19%)	22,122	5,265
<b>Effects of:</b>		
Expenses not deductible for tax purposes	30,371	51,208
Impact of change in tax rate	22,656	994
Adjustments in respect of prior periods	(172,415)	-
	<b>(97,266)</b>	<b>57,467</b>

# Hull Citycare (Fundco 4) Limited

## Notes to the financial statements for the year ended 31 December 2020 (continued)

### 6 Tax on profit (continued)

#### Factors that may affect future tax charges

The Chancellor of the Exchequer delivered his Budget to Parliament on 3 March 2021 in which he confirmed that the corporation tax rate would increase from the current rate of 19% from 1 April 2023 for companies with profits greater than £50,000. Therefore, the rate at which deferred tax balances are provided is likely to increase in future financial statements from the current 19%. As the rate that had been substantively enacted at the balance sheet date was 19%, deferred tax has been provided for in this set of financial statements at that rate.

### 7 Tangible assets

	Leasehold land and buildings £
<b>Cost</b>	
At 1 January 2020 and 31 December 2020	14,996,728
<b>Accumulated depreciation</b>	
At 1 January 2020	2,347,795
Charge for the year	319,269
<b>At 31 December 2020</b>	<b>2,667,064</b>
<b>Net book amount</b>	
<b>At 31 December 2020</b>	<b>12,329,664</b>
At 31 December 2019	12,648,933

The bank loans (note 12) are secured by way of debenture over the land and buildings of the company.

Interest directly attributable to the construction of tangible fixed assets, incurred at the time that identifiable major capital projects were ready for service, was capitalised as part of the costs of the assets. The total capitalised interest at 31 December 2020 was £1,244,012 (2019: £1,244,012).

### 8 Debtors

Amounts falling due within one year	2020 £	2019 £
Amounts owed by Group undertakings	182,487	102,001
Prepayments and accrued income	94,828	-
Corporation tax	47,407	-
	<b>324,722</b>	<b>102,001</b>

Amounts owed by Group undertakings are unsecured interest free and are repayable on demand.

# Hull Citycare (Fundco 4) Limited

## Notes to the financial statements for the year ended 31 December 2020 (continued)

### 9 Cash at bank and in hand

Included in cash at bank and in hand are amounts restricted for future use by each project's facilities management provider (lifecycle maintenance reserve account) and amounts held for lenders' security (debt service reserve account).

	2020 £	2019 £
Lifecycle maintenance reserve account	234,801	248,755
Debt service reserve account	246,843	246,843
	481,644	495,598

### 10 Creditors: Amounts falling due within one year

	2020 £	2019 £
Bank loans (note 12)	426,673	380,714
Amounts owed to group undertakings	1,895,768	2,060,951
Other taxes and social security	117,366	66,113
Corporation tax	-	65,926
	2,439,807	2,573,704

Amounts owed to group undertakings are unsecured, interest free and have no set repayment date.

### 11 Creditors: Amounts falling due after more than one year

	2020 £	2019 £
Bank loans (note 12)	10,791,279	11,217,953
	10,791,279	11,217,953

# Hull Citycare (Fundco 4) Limited

## Notes to the financial statements for the year ended 31 December 2020 (continued)

### 12 Loans and other borrowings

	2020 £	2019 £
Bank loans	11,217,952	11,598,667

The interest on the bank loans is as follows:

£7,814,476 (2019: £8,200,879) bearing interest at 5.94% and repayable by September 2036.

£3,498,292 (2019: £3,498,292) bearing interest at 5.94% and repayable by September 2037.

The above bank loans are disclosed in the financial statements net of arrangement fees of £94,806 (2019: £100,494) with £5,688 (2019: £5,688) being allocated within one year and £89,118 (2019: £94,806) over one year.

The bank loans are secured by way of debentures over the land and buildings of the company.

The maturity of the bank loans is as follows:

	2020 £	2019 £
Not later than one year	426,673	380,714
Later than one year and not later than five years	1,469,083	1,652,740
Later than five years	9,322,196	9,565,213
	11,217,952	11,598,667

### 13 Called up share capital

	2020 £	2019 £
<b>Authorised</b>		
1 (2019:1) ordinary shares of £1 each	1	1
<b>Allotted, issued, called up and fully paid</b>		
1 (2019:1) ordinary shares of £1 each	1	1

# Hull Citycare (Fundco 4) Limited

## Notes to the financial statements for the year ended 31 December 2020 (continued)

### 14 Deferred taxation

	2020 £	2019 £
At 1 January	143,808	152,267
Charge/(credit) during year	122,820	(8,459)
At 31 December	266,628	143,808

The deferred taxation balance is made up as follows:

	2020 £	2019 £
Accelerated capital allowances	115,356	143,808
Other timing differences	151,272	-
At end of year	266,628	143,808

### 15 Commitments under operating leases

At the year end, the Company had contracted with a tenant, under a non-cancellable operating lease, for the following future minimum lease payments:

	31 December 2020 £	31 December 2019 £
<b>Amounts receivable:</b>		
Less than one year	1,834,593	1,790,613
Between one and five years	7,617,721	7,435,104
After five years	24,799,554	26,497,119
	34,251,868	35,722,836

The operating lease represents the lease of a single property to a third party. The lease is negotiated over a period of 25 years from inception and rentals are subject to annual uplift based on RPI. There are no specific options in place for either party to extend the lease terms.



# Hull Citycare (Fundco 4) Limited

## Notes to the financial statements for the year ended 31 December 2020 (continued)

### 16 Related party transactions

Transactions between the Company and its related parties during the year were as follows:

Nature of relationship	Type of transaction	31 December 2020		31 December 2019	
		Amount £	Balance due £	Amount £	Balance due £
Subsidiary of a shareholder of the parent ultimate undertaking	Purchase of facilities management services	398,581	-	425,367	-
Shareholder of an intermediate parent undertaking	Turnover	1,796,796	-	1,753,622	-

### 17 Controlling parties

The immediate parent undertaking is Hull Citycare (Intermediate 4) Limited.

The parent undertaking of the smallest group to consolidate financial statements is Hull Citycare Limited.

The ultimate parent undertaking is Hull Citycare (Investments) Limited, a company jointly controlled by Sewell Group Limited and Cardale PFI Investments Limited.

Copies of the consolidated financial statements of Hull Citycare (Investments) Limited can be obtained from its registered office, Geneva Way, Leads Road, Hull, HU7 0DG.