

Registered Number 08403322

Blue3 (Staffs) (Holdings) Limited

Directors' Report and Financial Statements
For the year ended 30 June 2018

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Blue3 (Staffs) (Holdings) Limited

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Blue3 (Staffs) (Holdings) Limited

COMPANY INFORMATION

Directors	John S Gordon Rory W Christie
Secretary	Peter K Johnstone
Company Number	08403322
Registered Office	1 Park Row LEEDS LS51 5AB
Independent Auditors	Johnston Carmichael LLP 7 - 11 Melville Street Edinburgh EH3 7PE

DIRECTORS' REPORT

The Director's Report is prepared in accordance with The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

1 Principal activities

Blue3 (Staffs) (Holdings) Limited (the "Company") acts as an investment holding company, whose sole business is the holding of an investment in its wholly owned subsidiary, Blue3 (Staffs) Limited.

The principal activities of the Company are the design, construction, financing, supply of certain services and maintenance of a set of 11 fire stations in accordance with the terms of an agreement with Stoke on Trent and Staffordshire Fire and Rescue Authority. This agreement together with a loan facilities agreement, a construction contract, a facilities management contract and other related contracts were signed on 10 July 2013. The concession period runs for a period of 25 years from the completion of the final station.

2 Business review and future developments

There have been no significant issues in relation to the construction of the fire stations and all the 11 stations were handed over to the Stoke and Staffs Fire Authority.

3 Results

The result for the financial year dealt with in the financial statements is £nil (2017: £nil).

4 Key performance indicators

The Company's results are measured against the original financial model, agreed as part of the financial close on 10 July 2013. Variances from the model are highlighted and reported to the board on a monthly basis. Service availability performance indicators commenced in the operational phase.

5 Principal risks and uncertainties

As this project is heavily geared there is the potential financial risk that interest rate fluctuations in the market could impact the project. However, as management have put in place fixed price debt instruments for the life of the project, at financial close this risk is deemed to be mitigated.

6 Going concern

The directors have reviewed the Company's projected cash flows which have been prepared on the basis of a detailed analysis of the group's finances and likely future demand trends. After consideration of these projections, the directors consider the group and Company will be able to settle its liabilities as they fall due and accordingly the financial statements have been prepared on a going concern basis.

7 Dividends

The directors do not recommend the payment of a dividend (2017: £Nil).

8 Directors

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

Mark J Massey (resigned 13 July 2017)
Ewen G Miller (resigned 13 July 2017)
Phillippa J W Prongué (resigned 13 July 2017)
Aftab Rafiq (resigned 13 July 2017)
John S Gordon (appointed 13 July 2017)
Rory W Christie (appointed 13 July 2017)

9. Small Company Provisions

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

Blue3 (Staffs) (Holdings) Limited

10 Disclosure of information to auditors

As far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware and each of us has taken all the steps that he or she ought to have taken in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of such information.

11 Independent Auditors

Johnston Carmichael LLP were appointed auditors to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing they be re-appointed will be put at a General Meeting.

12 Statement of Directors' Responsibilities

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

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, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors 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.

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date

On behalf of the Board



John S Gordon
Director

Date: 17 December 2018

Blue3 (Staffs) (Holdings) Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BLUE3 (STAFFS) (HOLDINGS) LIMITED

Opinion

We have audited the financial statements of Blue3 (Staffs) (Holdings) Limited (the 'company') for the year ended 30 June 2018 which comprise the Statement of Comprehensive Income, Balance Sheet, 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 *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 30 June 2018, and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's 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 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 our 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.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Directors Report and from the requirement to prepare a Strategic Report.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or

Blue3 (Staffs) (Holdings) Limited

conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Johnston Carmichael LLP

21/12/18

Grant Roger (Senior Statutory Auditor)
For and on behalf of Johnston Carmichael LLP

Chartered Accountants
Statutory Auditor

7-11 Melville Street
Edinburgh

Blue3 (Staffs) (Holdings) Limited

**Statement of Comprehensive Income
For the year ended 30 June 2018**

	Note	2018 £'000	2017 £'000
Turnover		-	-
Cost of sales		-	-
Gross result		-	-
Administrative expenses		-	-
Operating result	2	-	-
Finance income	3	339	549
Finance costs	3	(339)	(549)
Result before taxation		-	-
Tax on result		-	-
Result for the financial year		-	-

All of the activities of the business are from continuing operations.

The notes on pages 10 to 13 form part of these financial statements.

Blue3 (Staffs) (Holdings) Limited

**Balance Sheet
As at 30 June 2018**

	Note	2018 £'000	2017 £'000
Fixed assets			
Investments	5	10	10
Current assets			
Debtors: amounts falling due after more than one year	6	2,707	2,782
Debtors: amounts falling due within one year	6	86	106
Total current assets		2,793	2,888
Current liabilities			
Creditors: amounts falling due within one year	7	(86)	(106)
Total assets less current liabilities		2,717	2,792
Creditors: amounts falling due after more than one year	7	(2,707)	(2,782)
Net assets		10	10
Capital and reserves			
Called up share capital	8	10	10
Profit and loss account		-	-
Total shareholders' funds		10	10

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

The financial statements were approved by the board on 17 December 2018 and were signed on its behalf by:



John S Gordon
Director

Registered Number: 08403322

The notes on pages 10 to 13 form part of these financial statements.

Blue3 (Staffs) (Holdings) Limited

**Statement of Changes in Equity
For the year ended 30 June 2018**

	Called up share capital	Profit and loss account	Total shareholders' funds
	£000	£000	£000
Balance as at 1 July 2016	10	-	10
Result for the financial year	-	-	-
Balance as at 30 June 2017	10	-	10
Result for the financial year	-	-	-
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	-	-
Balance as at 30 June 2018	10	-	10

The notes on pages 10 to 13 form part of these financial statements.

Blue3 (Staffs) (Holdings) Limited

Notes to the Financial Statements

1 Accounting policies

Statement of Compliance

The individual financial statements of Blue3 (Staffs)(Holdings) Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime convention. The disclosure requirements of section 1A have been applied, other than where additional disclosures is required to show a true and fair view.

General information

Blue3 (Staffs) (Holdings) Limited (the Company) is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is 1 Park Row, Leeds, LS1 5AB. The Company acts as a holding company for Blue 3 (Staffs) Limited.

The principal activity of Blue3 (Staffs) Limited is to develop and service and maintain a set of eleven fire stations under an agreement with the Stokes and Staffordshire Fire Authority.

The Company's functional and presentation currency is the pound sterling. Monetary amounts in these financial statements are rounded to the nearest one pound.

Accounting policies

Basis of preparation

These financial statements are prepared on a going concern basis under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's 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 further in the accounting policies.

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

Going concern

The directors have reviewed the cash flow forecast and taking into account reasonably possible risks in operations to the Company, the directors believe that the Company will be able to settle its liabilities as they fall due for the foreseeable future and therefore it is appropriate to prepare these financial statements on the going concern basis.

Disclosure exemptions

The Company has taken advantage of the exemption in FRS 102 Section 7 'Statement of Cash Flows' part 1B, which states that a small company is not required to prepare a cash flow statement.

The Company has also taken advantage of the exemption in Section 33 of FRS 102 'Related Party Disclosures', which allows it not to disclose transactions with wholly owned members of a group.

Income tax

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. 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. 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.

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. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Consolidation Policy

The company has taken advantage of the option not to prepare consolidated financial statement contained in section 398 of the Companies Act 2006 on the basis that the entity and its subsidiary undertakings comprise a small group.

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 six months or less and bank overdrafts.

Judgements and key sources of estimation uncertainty

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

Key sources of estimation uncertainty

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

i) Impairment of assets

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

ii) Market rate of interest

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

2. Operating results

The audit fee is paid by the company's 100% subsidiary, Blue3 (Staffs) Limited. The directors estimate the fee attributable to the company to be £1,200 (2017: £1,500).

Blue3 (Staffs) (Holdings) Limited

3. Finance income and costs

The Company has recognised the subordinated debt interest receivable from its subsidiary (Blue3 (Staffs) Limited) and due to its shareholders as both interest receivable and interest payable in this year's financial statements which totals £339k (2017: £350k).

4. Directors and employees

The directors received no remuneration during the year (2017: £nil).
The company has no employees (2017: nil).

5. Investments

	2018 £'000
Cost	
Balance at 1 July 2017	10
Addition	-
Balance at 30 June 2018	<u>10</u>

The company's subsidiary, Blue3 (Staffs) Limited was acquired on 14 February 2013 for book value and is wholly owned. The company owns 100% of the issued ordinary share capital of this company whose activity is set out in the Directors' report.

6. Debtors

	2018 £'000	2017 £'000
Debtors: amounts falling due after more than one year	2,707	2,782
Debtors: amounts falling due within one year	86	106
	<u>2,793</u>	<u>2,888</u>

7. Creditors

	2018 £'000	2017 £'000
Creditors: amounts falling due within one year	86	106
Creditors: amounts falling due after more than one year	2,707	2,782
	<u>2,793</u>	<u>2,888</u>

Sub-ordinated loan facility outstanding at 30 June 2017 is £2,793k and is repayable from 01 July 2018 to 31 January 2040.

Amounts repayable are due as follows:	£'000
Within one year	86
In more than one year but not more than two years	104
In more than two years but not more than five years	212
In more than 5 years	2,391
	<u>2,793</u>

Blue3 (Staffs) (Holdings) Limited

Notes to the Financial Statements (Continued)

8. Called up share capital

	2018 £'000	2017 £'000
Authorised; allotted and fully paid		
10,000 (2017: 10,000) ordinary shares of £1 each	<u>10</u>	<u>10</u>

9. Ultimate holding company

Blue3 (Staffs) (Holdings) Limited is a company incorporated in the United Kingdom and registered in England and Wales. As at 30th June 2017, the share capital of Blue3 (Staffs) (Holdings) Limited was held 80% by Kier Project Investment Limited (the ultimate holding company being Kier Group plc) and 20% by CP Bluethree (Staffs) Limited (the ultimate holding company being Calder Peel Investments (Holdings) Limited).

Blue3 (Staffs) (Holdings) Limited, Kier Project Investment Limited and CP Bluethree (Staffs) Limited are all incorporated in the United Kingdom and registered in England and Wales.

In July 2017, Kier Project Investment Limited and CP Bluethree (Staffs) Limited sold their respective shares to PPDI AssetCo Limited, a company incorporated in United Kingdom and registered in England and Wales. The immediate parent company is PPDI Finance Limited and ultimate holding company is PPP Equity PIP LP, a limited partnership registered in England. The financial statements for PPDI Finance Limited can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.