

Registered Number 08403335

Blue3 (Staffs) Limited

Annual Report and Financial Statements
For the year ended
30 June 2019

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Blue3 (Staffs) Limited

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Blue3 (Staffs) Limited

COMPANY INFORMATION

Directors	John S Gordon Rory W Christie Alan P Fordyce
Secretary	Peter K Johnstone
Company Number	08403335
Registered Office	1 Park Row Leeds LS51 5AB
Independent auditors	Johnston Carmichael LLP 7-11 Melville Street EDINBURGH EH3 7PE

Blue3 (Staffs) Limited

DIRECTORS' REPORT

The directors present their Directors' Report and the audited financial statements for the year ended 30 June 2019.

1. Principal activities

Date of incorporation: 14 February 2013

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, now the Police and Crown Commission. 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

All the 11 stations were handed over to the Police and Crown Commission in June 2016. This is the third full year of operations and there have been no significant issues reported during the year.

3. Results

The profit before taxation for the financial year dealt with in the financial statements is £164k (2018: profit £143k).

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 start in the operational phase and are not applicable during the year ended 30 June 2019.

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 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 Company's finances and likely future demand trends. After consideration of these projections, the directors consider the 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

Ordinary dividends were paid of £42k (2018: £nil). The directors do not recommend payment of a further dividend.

8. Directors

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

John S Gordon
Rory W Christie
Alan P Fordyce (appointed 1 June 2019)

Blue3 (Staffs) Limited

DIRECTORS' REPORT

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.

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

The auditors are deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

12. Statement of directors' responsibilities in respect of financial statements

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.

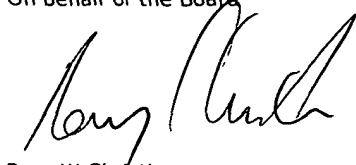
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies 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



Rory W Christie
Director

Date: 6 December 2019

Blue3 (Staffs) Limited

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

Opinion

We have audited the financial statements of Blue3 (Staffs) Limited (the 'company') for the year ended 30 June 2019 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) and Chapter 1A Small Entities.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2019, 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.

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.

Blue3 (Staffs) Limited

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

Blue3 (Staffs) Limited

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

- 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 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.



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

Chartered Accountants
Statutory Auditor

9 December 2019

7-11 Melville Street
Edinburgh

Blue3 (Staffs) Limited
STATEMENT OF COMPREHENSIVE INCOME
For the Year ended 30 June 2019

	Note	2019 £000	2018 £000
Turnover		1,442	1,465
Operating charges		<u>(1,236)</u>	<u>(1,273)</u>
Operating profit	2	<u>206</u>	<u>192</u>
Interest receivable and similar income	3	1,751	1,806
Interest payable and similar expenses	4	<u>(1,793)</u>	<u>(1,855)</u>
Profit before taxation		<u>164</u>	<u>143</u>
Tax on profit	6	<u>65</u>	<u>(52)</u>
Profit for the financial year		<u>229</u>	<u>91</u>

The profit / (loss) reported above relates to continuing activities.

The notes on pages 10 to 16 form part of these financial statements.

Blue3 (Staffs) Limited

BALANCE SHEET
As at 30 June 2019

	Note	2019 £000	2018 £000
Fixed assets			
Finance asset – due within 1 year	7	29,323	30,500
Finance asset – due after more than 1 year	7	1,027	1,026
		30,350	31,526
Current assets			
Debtors: amounts falling due within one year	8	38	42
Cash at bank and in hand		631	361
		31,019	31,929
Current liabilities			
Creditors: amounts falling due within one year	9	(1,662)	(1,489)
Total assets less current liabilities		29,357	30,440
Deferred tax	10	(229)	(294)
Creditors: amounts falling due after more than one year	11	(28,709)	(29,914)
Net assets		419	232
Capital and reserves			
Called up share capital	12	10	10
Profit and loss account		409	222
Total shareholders' funds		419	232

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 6 December 2019 and were signed on its behalf by:



Rory W Christie
Director
Registered number 08403335

The notes on pages 10 to 16 form part of these financial statements.

Blue3 (Staffs) Limited

**STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2019**

	Called up share Capital £000	Profit and loss account £000	Total shareholders' funds £000
Balance as at 30 June 2017	10	131	141
Profit for the financial year	-	91	91
Total comprehensive income for the year	-	91	91
Balance at 30 June 2018	10	222	232
Profit for the financial year	-	229	229
Total comprehensive income for the year	-	229	229
Dividends paid and payable		(42)	(42)
Balance at 30 June 2019	10	409	419

The notes on pages 10 to 16 form part of these financial statements.

Blue3 (Staffs) Limited
NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

Statement of Compliance

The individual financial statements of Blue3 (Staffs) 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) 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 has developed and will service and maintain a set of eleven fire stations under an agreement with the Stokes and Staffordshire Fire Authority, now the Police and Crown Commission.

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

Revenue recognition

Turnover represents the services' share of the management services income received by the Company for the provision of a PFI asset to the customer. This income is received over the life of the concession period. Management service income is allocated between turnover, finance debtor interest and reimbursement of finance debtor so as to generate a constant rate of return in respect of the finance debtor over the life of the contract. Turnover is represented net of VAT.

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.

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

Blue3 (Staffs) Limited
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant judgements

The judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

i) Income taxation

Current taxation

The taxation charge or credit arising on profit before taxation and in respect of gains or losses recognised through Other Comprehensive Income reflect the tax rates in effect or substantially enacted at the Statement of Financial Position date as appropriate. The determination of appropriate provisions for taxation requires the Directors to take into account anticipated decisions of HM Revenue and Customs which inevitably requires the Directors to use judgements as to the appropriate estimate of taxation provisions.

Deferred taxation

Deferred taxation is provided using the Statement of Financial Position liability method and is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding taxation bases used in the computation of taxable profit. Judgements are required to be made as to the calculation and identification of temporary differences and in the case of the recognition of deferred taxation assets, the Directors have to form an opinion as to whether it is probable that the deferred taxation asset recognised is recoverable against future taxable profits arising. This exercise of judgement requires the Directors to consider forecast information over a long time horizon having regard to the risks that the forecasts may not be achieved and then form a reasonable opinion as to the recoverability of the deferred taxation asset.

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.

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.

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. 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.

ii) Deferred tax

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 except for certain exceptions. 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 also recognised on the revaluations of derivative financial instruments, with the movements going through the Statement of Comprehensive Income.

Blue3 (Staffs) Limited

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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 deferred tax asset or liability.

Financial instruments

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

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price and subsequently at amortised cost, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are initially recognised at the present value of cash payable to the lender and are subsequently measured at amortised cost using the effective interest rate method, less impairment. The effective interest rate method is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument. The effective interest rate amortisation is included in interest payable and similar charges in the Statement of Comprehensive Income.

Other financial instruments are subsequently measured at fair value, with any changes recognised in the Statement of Comprehensive Income, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in the Statement of Comprehensive Income immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in the Statement of Comprehensive Income immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the Statement of Financial Position. Finance costs and gains or losses relating to financial liabilities are included in the Statement of Comprehensive Income. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument.

Cash and cash equivalents

Cash and cash equivalents include 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.

Finance debtor

The Company is accounting for the concession asset based on the ability to substantially transfer all the risks and rewards of ownership to the customer, with this arrangement the costs incurred by the Company on the design and construction of the assets have been treated as a finance debtor within these financial statements.

Blue3 (Staffs) Limited

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Borrowings

Borrowings are recognised at amortised cost using the effective interest rate method. Under the effective interest rate method, any transaction fees, costs, discounts and premiums directly related to the borrowings are recognised in the Statement of Comprehensive Income over the life of the borrowings. Borrowings with maturities greater than twelve months after the reporting date are classified as non-current liabilities.

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) Accounting for service concession arrangements

Accounting for the service concession contract and finance debtors requires estimation of service margins, finance debtor interest rates and associated amortisation profile which is based on forecast results of the contract. These were forecast initially within the operating model at financial close monitored throughout the duration of the project.

2. Operating profit

	2019	2018
	£000	£000
Operating profit is arrived at after charging		
Auditors' remuneration:		
Audit of the financial statements	<u>12</u>	<u>12</u>
	<u>12</u>	<u>12</u>

Blue3 (Staffs) Limited also pay the audit fee for its parent company Blue3 (Staffs) (Holdings) Limited. The fee is deemed to be £1,200 (2018:£1,200) and is included within the £11,700 (2018:£11,700) shown above.

3 Interest receivable and similar income

	2019	2018
	£000	£000
Interest on asset	1,751	1,806
Interest received on bank deposits	<u>-</u>	<u>-</u>
	<u>1,751</u>	<u>1,806</u>

Blue3 (Staffs) Limited
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

4 Interest payable and similar expenses

	2019	2018
	£000	£000
Interest payable on term loans	1,435	1,491
Interest payable on subordinated loans	333	339
Agency fee	11	11
Bank charges	1	1
Amortisation of issue costs	13	13
	<u>1,793</u>	<u>1,855</u>

5 Directors and employees

The directors were not directly remunerated for their services during the year (2018: nil).

The Company has no employees (2018: nil).

6 Tax on profit

	2019	2018
	£000	£000
a) Analysis of tax charge in the year		
Total current tax charge	-	-
Deferred tax	<u>(65)</u>	<u>52</u>
Tax (credit)/charge for the year	<u>(65)</u>	<u>52</u>

	2019	2018
	£000	£000
b) Reconciliation of current tax charge		
Profit/result on ordinary activities before taxation	164	143
Tax on profit before taxation at standard corporation tax rate 19% (2018: 19%)	31	27
Effects of:		
Adjustment to change in respect of prior periods	-	21
Adjustment to change in respect of prior periods – deferred tax	(147)	-
Adjustment to change in tax rates	-	(9)
Permanent difference – qualifying quasi depreciation		(241)
Permanent difference – unitary charge	<u>51</u>	<u>254</u>
Total tax charge for the year	<u>(65)</u>	<u>52</u>

c) Factors that may affect the future tax charges

A change to the UK corporation tax rate was announced in the Chancellor's Budget on 16 March 2017. The change announced is to reduce the main rate to 17% from 1 April 2020.

7 Finance asset

	2019	2018
	£000	£000
Finance asset – due within 1 year	1,027	1,026
Finance asset – due after 1 year	<u>29,323</u>	<u>30,500</u>
	<u>30,350</u>	<u>31,526</u>

Blue3 (Staffs) Limited

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

8 Debtors: amounts falling due within one year

	2019	2018
	£000	£000
Trade debtors	4	42
Corporation tax	-	-
Prepayments and accrued income	<u>34</u>	<u>-</u>
	<u>38</u>	<u>42</u>

9 Creditors: amounts falling due within one year

	2019	2018
	£000	£000
Trade creditors	57	64
Retention payable	-	-
Term loan	1,101	1,126
Subordinated loan	79	86
Corporation tax	-	-
VAT payable	308	68
Accruals and deferred income	<u>117</u>	<u>145</u>
	<u>1,662</u>	<u>1,489</u>

10 Deferred tax

	2019	2018
	£000	£000
At 1 July	294	242
Under provided	-	-
Timing difference	<u>(65)</u>	<u>52</u>
At 30 June	<u>229</u>	<u>294</u>
Amounts fully provided for deferred taxation		
Fixed asset timing difference	760	501
Short term timing difference	(21)	(25)
Losses and other deduction	<u>(510)</u>	<u>(182)</u>
	<u>229</u>	<u>294</u>

11 Creditors: amounts falling due after more than one year

	2019	2018
	£000	£000
Borrowings: term loan	26,106	27,207
Subordinated debt	<u>2,603</u>	<u>2,707</u>
	<u>28,709</u>	<u>29,914</u>

Borrowing consists of:

The term loan facility and equity bridge facility were granted by Aviva Public Private Finance Limited on 10 July 2013 and are secured on the assets of the Company. The loan is shown net of issue costs of £266k (2018: £279k). The loan facility is for a total value of £33,314k (2018:£33,314k) of which £27,473K (2018:£28,612k) of term loan was outstanding at 30 June 2018.

Blue3 (Staffs) Limited

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Creditors: amounts falling due after more than one year (continued)

The term loan balance of £27,474K repayable from 01 July 2019 to 31 January 2040.

	2019
	£000
Amounts repayable are due as follows:	
Within one year	1,113
In more than one year but not more than two years	1,065
In more than two years but not more than five years	3,383
In more than 5 years	<u>21,913</u>
	<u>27,474</u>

Term loan balance of £27,474k is adjusted by the amount repayable within one year of £1,113k which is deemed as a short term liability and reported in note 9 above (net of issue costs).

Subordinated loan facility outstanding at 30 June 2019 is £2,682k is repayable from 01 July 2019 to 31 January 2040.

	2019
	£000
Amounts repayable are due as follows:	
Within one year	79
In more than one year but not more than two years	71
In more than two years but not more than five years	226
In more than 5 years	<u>2,306</u>
	<u>2,682</u>

12 Called up share capital

	2019	2018
	£000	£000
Authorised; allotted, called up and fully paid 10,000 (2018: 10,000) Ordinary shares of £1 each	<u>10</u>	<u>10</u>

13 Related party disclosures

The Company is wholly owned by Blue 3 (Staffs)(Holdings) Limited and has taken advantage of the exemption in section 33 of FRS102 "Related Party Disclosures" that allows it not to disclose transactions with wholly owned investors in the group.

14 Parent Undertakings

The immediate parent company is Blue 3 (Staffs)(Holdings) Limited, a company incorporated in England. The accounts for Blue 3 (Staffs)(Holdings) Limited can be obtained from 1 Park Row, Leeds, England LS1 5AB.

The immediate parent undertaking of Blue 3 (Staffs) (Holdings) Limited is PPDI Finance Limited and the ultimate holding company is PPP Equity PIP LP, a limited partnership registered in England.