

Company Registration No. 08403335 (England and Wales)



**BLUE3 (STAFFS) LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2022**



# BLUE3 (STAFFS) LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	JS Gordon R Christie
<b>Secretary</b>	Resolis Limited
<b>Company number</b>	08403335
<b>Registered office</b>	Watling House 5th Floor, 33 Cannon Street London EC4M 5SB
<b>Auditor</b>	Johnston Carmichael LLP 7 - 11 Melville Street Edinburgh EH3 7PE

# BLUE3 (STAFFS) LIMITED

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# BLUE3 (STAFFS) LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 30 JUNE 2022

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The directors present their annual report and financial statements for the year ended 30 June 2022.

#### 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 commission period runs for a period of 25 years from the completion of the final station.

#### Business Review

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

The risk of increased deductions is primarily mitigated through performance risk under the Project Agreement and in related contracts being substantially passed onto service providers. A review of the financial impact on the Company is responding to Covid-19 has been assessed as low. This is because the Company is still able to provide the services required under the Project Agreement as the sub-contracted Facilities Management company are still able to provide the necessary services as the work is deemed to be essential and the persons delivering those services deemed to be key workers, as confirmed by a guidance note released by the Infrastructure and Project Authority of 2 April 2020.

Blue 3 (Staffs) receives all of its revenues from the Police and Crown commission and the government continues to actively encourage the full and prompt payment of suppliers by such bodies. Consequently, Blue 3 (Staffs) fully anticipates being able to continue to deliver on its financial and other commitments.

#### Results and dividends

The profit before taxation for the financial year dealt with in the financial statement is £277K (2021: £251K).

#### 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 quarterly basis.

#### 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.

#### Dividends

Ordinary dividends were paid amounting to £150K (2021: £343K). The directors do not recommend payment of a further dividend.

#### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

AP Fordyce  
JS Gordon  
R Christie

(Resigned 31 August 2022)

# BLUE3 (STAFFS) LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 30 JUNE 2022**

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### **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.

### **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.

### **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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Auditor**

The auditor, Johnston Carmichael LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

### **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) LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 30 JUNE 2022**

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On behalf of the board



.....  
R Christie  
Director

17 / 01 / 2023

Date: .....

# BLUE3 (STAFFS) LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF BLUE3 (STAFFS) LIMITED

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#### Opinion

We have audited the financial statements of Blue3 (Staffs) Limited (the 'company') for the year ended 30 June 2022 which comprise the statement of comprehensive income, the balance sheet, the 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 30 June 2022 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

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.

#### 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.

# BLUE3 (STAFFS) LIMITED

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

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### **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 strategic report and the directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions 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, 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.

### *Extent to which the audit is considered capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

We obtained an understanding of the legal and regulatory frameworks that are applicable to the company, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The most relevant frameworks we identified include:

- FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"
- Companies Act 2006
- Corporation Tax legislation
- VAT legislation

We gained an understanding of how the company is complying with these laws and regulations by making enquiries of management and those charged with governance. We corroborated these enquiries through our review of submitted returns and board meeting minutes.



# BLUE3 (STAFFS) LIMITED

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

We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by meeting with management and those charged with governance to understand where it was considered there was susceptibility to fraud. This evaluation also considered how management and those charged with governance were remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how management and those charged with governance oversee the implementation and operation of controls. In areas of the financial statements where the risks were considered to be higher, we performed procedures to address each identified risk.

The following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

- Reviewing minutes of meetings of those charged with governance for reference to: breaches of laws and regulation or for any indication of any potential litigation and claims; and events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud;
- Reviewing the level of and reasoning behind the group's procurement of legal and professional services;
- Performing audit work procedures over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing judgements made by management in their calculation of accounting estimates for potential management bias;
- Agreement of the financial statement disclosures to supporting documentation.

Our audit procedures were designed to respond to the risk of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve intentional concealment, forgery, collusion, omission or misrepresentation. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://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.

*Johnston Carmichael LLP*

**Allison Dalton (Senior Statutory Auditor)**  
**For and on behalf of Johnston Carmichael LLP**

17 / 01 / 2023  
Date: .....

**Chartered Accountants**  
**Statutory Auditor**

7 - 11 Melville Street  
Edinburgh  
EH3 7PE

# BLUE3 (STAFFS) LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 £000	2021 £000
Turnover		1,759	1,594
Other external expenses		(1,269)	(1,129)
Other operating expenses		(188)	(206)
Operating profit		302	259
Interest receivable and similar income	5	1,555	1,625
Interest payable and similar expenses	6	(1,580)	(1,633)
Profit before taxation		277	251
Tax on profit	7	(135)	(292)
Profit/(loss) for the financial year		142	(41)

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

# BLUE3 (STAFFS) LIMITED

## BALANCE SHEET

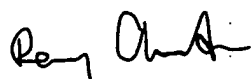
AS AT 30 JUNE 2022

	Notes	2022 £000	2021 £000	2021 £000
<b>Fixed assets</b>				
Finance Asset - due within 1 year	10		1,337	1,166
Finance Asset - due after more than 1 year	10		25,499	26,857
			<u>26,836</u>	<u>28,023</u>
<b>Current assets</b>				
Debtors	9	10	9	
Cash at bank and in hand		853	570	
		<u>863</u>	<u>579</u>	
<b>Creditors: amounts falling due within one year</b>	11	(1,567)	(1,385)	
<b>Net current liabilities</b>			(704)	(806)
<b>Total assets less current liabilities</b>			<u>26,132</u>	<u>27,217</u>
<b>Creditors: amounts falling due after more than one year</b>	12		(25,292)	(26,463)
<b>Provisions for liabilities</b>				
Deferred tax liability	14	742	(742)	(648)
<b>Net assets</b>			<u>98</u>	<u>106</u>
<b>Capital and reserves</b>				
Called up share capital	15		10	10
Profit and loss reserves			88	96
<b>Total equity</b>			<u>98</u>	<u>106</u>

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

17 / 01 / 2023

The financial statements were approved by the board of directors and authorised for issue on ..... and are signed on its behalf by:



R Christie  
Director

Company Registration No. 08403335

# BLUE3 (STAFFS) LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022

	Notes	Share capital £000	Profit and loss reserves £000	Total £000
Balance at 1 July 2020		10	480	490
Year ended 30 June 2021:				
Loss and total comprehensive income for the year		-	(41)	(41)
Dividends	8	-	(343)	(343)
Balance at 30 June 2021		10	96	106
Year ended 30 June 2022:				
Profit and total comprehensive income for the year		-	142	142
Dividends	8	-	(150)	(150)
Balance at 30 June 2022		10	88	98

# BLUE3 (STAFFS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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### 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 Watling House, 5th Floor, 33 Cannon Street, London, EC4M 5SB. 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.

#### 1.1 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.

#### 1.2 Going concern

The directors have reviewed the cash flow forecast and taking into account reasonably possible risks in operations in 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.

In assessing the company's ability to continue as a going concern, the directors have considered the impact of COVID-19, as described in the Directors' report.

#### 1.3 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.

#### 1.4 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 debtors interest and reimbursement of finance debtors 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.

# BLUE3 (STAFFS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

### 1 Accounting policies

(Continued)

#### 1.5 Cash and cash equivalents

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

#### 1.6 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.

# BLUE3 (STAFFS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

### 1 Accounting policies

(Continued)

#### 1.7 Taxation

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**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### 1.8 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.

# BLUE3 (STAFFS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

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### 2 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.

#### **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:

#### **Critical 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 amount recognised in the financial statements are as follows:

#### **i) Income tax**

##### 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.



# BLUE3 (STAFFS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

### 2 Judgements and key sources of estimation uncertainty

(Continued)

#### 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:

#### 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.

#### 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. The directors use their judgement in selecting the appropriate financial asset rate to be applied in order to allocate the income received between revenue and capital repayment of and interest income on the financial asset; and also the service margin that is used to recognise service revenue. The directors have also used their judgement in assessing the appropriateness of the future maintenance costs that are included in the company's forecasts. The directors will continue to monitor the condition of the assets and undertake a regular review of maintenance spend.

### 3 Auditor's remuneration

	2022	2021
	£000	£000
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	13	10

Blue 3 (Staffs) Limited also pay the audit fee for its parent company Blue 3 (Staffs) (Holdings) Limited. The fee is deemed to be £1,430 (2021: £1,350) and is included in the figures shown above.

### 4 Employees

The directors were not directly remunerated for their services during the year (2021: nil).

The company has no employees (2021: nil).

### 5 Interest receivable and similar income

	2022	2021
	£000	£000
Interest income		
Other interest income	1,555	1,625

# BLUE3 (STAFFS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

### 6 Interest payable and similar expenses

	2022 £000	2021 £000
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest payable on term loans	1,267	1,321
Interest payable on subordinated loans	287	295
	<u>1,554</u>	<u>1,616</u>
<b>Other finance costs:</b>		
Bank charges	13	4
Other finance costs	13	13
	<u>1,580</u>	<u>1,633</u>

### 7 Taxation

	2022 £000	2021 £000
<b>Current tax</b>		
UK corporation tax on profits for the current period	41	(9)
	<u>41</u>	<u>(9)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	94	301
	<u>94</u>	<u>301</u>
<b>Total tax charge</b>	<u>135</u>	<u>292</u>

# BLUE3 (STAFFS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

### 7 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2022 £000	2021 £000
Profit before taxation	277	251
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	53	48
Permanent difference Unitary Charge	82	244
Taxation charge for the year	135	292

#### Factors that may effect future tax charges

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25% and this change was substantively enacted on 24 May 2021.

### 8 Dividends

	2022 £000	2021 £000
Dividend paid on ordinary shares	150	343

### 9 Debtors

Amounts falling due within one year:	2022 £000	2021 £000
Prepayments and accrued income	10	9

### 10 Finance asset

	2022 £000	2021 £000
Finance Asset - due within 1 year	1,337	1,166
Finance Asset - due after more than 1 year	25,499	26,857
	26,836	28,023

# BLUE3 (STAFFS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

### 11 Creditors: amounts falling due within one year

	Notes	2022 £000	2021 £000
Bank loans	13	1,097	1,068
Loans from group undertakings	13	73	68
Trade creditors		39	2
Corporation tax		41	-
Other taxation and social security		158	152
Accruals and deferred income		159	106
		<u>1,567</u>	<u>1,396</u>

### 12 Creditors: amounts falling due after more than one year

	Notes	2022 £000	2021 £000
Bank loans and overdrafts	13	22,901	23,999
Loans from group undertakings	13	2,391	2,464
		<u>25,292</u>	<u>26,463</u>

Borrowing consists of:

The term loan facility and equity bridge facility were granted by Aviva Public Finance Limited on 10 July 2013 and are secured on the assets of the Company. The loan is shown net of issue costs of £228k (2021: £241k). The loan facility is for a total of £33,314k (2021: £33,314k) of which £24,226k (2021: £25,296k) was outstanding at 30 June 2022.

# BLUE3 (STAFFS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2022

#### 13 Loans and overdrafts

An analysis of the maturity of loans is given below:

	2022 £000	2021 £000
<b>Amounts falling due within one year or on demand:</b>		
Senior secured loan	1,110	1,068
Unamortised issue costs	(13)	(13)
Subordinated loans	73	68
	<u>1,170</u>	<u>1,123</u>
<b>Amounts falling due between one and two years:</b>		
Senior secured loan	1,205	1,110
Unamortised issue costs	(13)	(13)
Subordinated loans	85	73
	<u>1,277</u>	<u>1,170</u>
<b>Amounts falling due between two and five years:</b>		
Senior secured loan	3,347	3,611
Unamortised issue costs	(39)	(39)
Subordinated loans	249	274
	<u>3,557</u>	<u>3,846</u>
<b>Amounts falling due after more than five years:</b>		
<b>Repayable by instalments</b>		
Senior secured loan	18,565	19,507
Unamortised issue costs	(164)	(177)
Subordinated loans	2,057	2,118
	<u>20,458</u>	<u>21,448</u>
<b>The total cash repayable on the loan is as follows :</b>		
Bank loans	24,227	25,296
Subordinated loans	2,464	2,533
	<u>26,691</u>	<u>27,829</u>
<b>Payable within one year</b>	<u>1,183</u>	<u>1,123</u>
<b>Payable after one year</b>	<u>25,508</u>	<u>26,692</u>

# BLUE3 (STAFFS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

### 14 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2022 £000	Liabilities 2021 £000
<b>Balances:</b>		
Accelerated capital allowances	1,324	1,284
Tax losses	(582)	(636)
	<u>742</u>	<u>648</u>
<b>Movements in the year:</b>		2022 £000
Liability at 1 July 2021		648
Charge to profit or loss		94
		<u>742</u>
Liability at 30 June 2022		<u>742</u>

### 15 Share capital

	2022 Number	2021 Number	2022 £000	2021 £000
<b>Ordinary share capital Issued and fully paid</b>				
Ordinary of £1 each	<u>10,000</u>	<u>10,000</u>	<u>10</u>	<u>10</u>

Retained earnings includes retained earnings and accumulated losses.

### 16 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 FRS 102 "Related Party Disclosures" that allows it to not disclose transactions with wholly owned investors in the group.

### 17 Parent undertaking

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 Watling House, 5th Floor, 33 Cannon Street, London, EC4M 5SB.

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