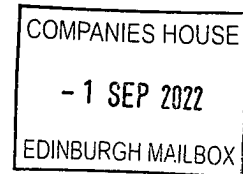
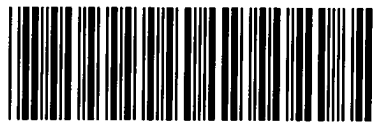


COMPANY REGISTRATION NUMBER: SC206595



**Catchment Moray Limited**  
**Annual Report and Financial Statements**  
**31 December 2021**

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# **Catchment Moray Limited**

## **Annual Report and Financial Statements**

**Year Ended 31 December 2021**

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# **Catchment Moray Limited**

## **Officers and Professional Advisers**

### **The Board of Directors**

John Cavill  
Bryan Acutt  
John Wrinn  
Gordon Clarke

### **Company Secretary**

Infrastructure Managers Limited

### **Registered Office**

2nd Floor  
11 Thistle Street  
Edinburgh  
EH2 1DF

### **Independent Auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants & Statutory Auditors  
Level 4  
Atria One  
144 Morrison Street  
Edinburgh  
EH3 8EX

### **Solicitors**

Pinsent Masons LLP  
Third Floor Quay 2  
139 Fountainbridge  
Edinburgh  
EH3 9QG

# **Catchment Moray Limited**

## **Strategic Report**

### **Year Ended 31 December 2021**

The directors present their Strategic Report for the year ended 31 December 2021.

#### **Principal Objectives and Strategies**

The principal activity of the Company is the provision of wastewater and sewage treatment and related services. The Company's main objective is to ensure compliance with operational and financial contracts over the thirty year term whilst ensuring compliance with the Scottish Environmental Protection Agency's monitoring regime. The contract is in year 20 of its term expiring in 2031. The loss for the financial year, after taxation, amounted to £1,802,016 (2020: £313,756) while net assets for the financial year amounted to £9,259,810 (2020: £11,061,826).

#### **Review of Business**

As the Company is in the full operational phase it faces operational risks and actively monitors financial performance against loan covenants. During the year the Company was fully compliant with the contractual terms of the concession agreement and the facilities agreement.

#### **Future Developments**

The directors intend for the business to continue to operate in line with the contractual terms and do not expect any strategic changes.

#### **Key Performance Indicators**

The key performance indicators centre largely on monitoring carried out by Scottish Environmental Protection Agency and Scottish Water. These bodies have separate monitoring regimes which assess the quality of effluent once treated at the plant.

The performance of the company from a cash perspective is assessed monthly and in addition on a six monthly basis by the testing of covenants of the senior debt provider, the key indicator being the debt service cover ratio. As a result of the debt restructuring agreement the Company is now compliant with these covenants.

#### **Principal Risks and Uncertainties**

The management of the business and the execution of the Company's strategy are subject to a number of risks. The principal risk and uncertainties facing the company are: cash flow risk, price risk and credit risk as detailed below:

##### **Price Risk**

The Company's price risk is managed through a thirty year project agreement with Scottish Water providing for payments that are fixed subject to performance and inflation indexation and through sub-contracts with suppliers that largely mirror the provisions of the project agreement with the Scottish Water.

##### **Credit Risk**

The project concession cash flows are secured under contract from Scottish Water, a government body.

##### **Cash Flow and Liquidity Risk**

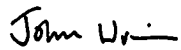
Many of the Cash Flow risks are addressed by means of contractual provisions. The Company's liquidity risk is principally managed through financing the Company by means of long-term borrowings.

# **Catchment Moray Limited**

## **Strategic Report** *(continued)*

### **Year Ended 31 December 2021**

This report was approved by the board of directors on 30 May 2022 and signed on behalf of the board by:



John Wrinn  
Director

# **Catchment Moray Limited**

## **Directors' Report**

### **Year Ended 31 December 2021**

The directors present their report and the audited Annual Report and Financial Statements of Catchment Moray Limited ("the Company") for the year ended 31 December 2021.

#### **Directors**

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

John Cavill  
Bryan Acutt  
Gordon Clarke  
John Wrinn  
David Gilmour

(Appointed 26 November 2021)  
(Resigned 26 November 2021)

#### **Dividends**

The directors do not recommend the payment of any dividends.

#### **Going Concern**

The Company prepares cash flow forecasts covering the expected life of the asset and so including the 12 month period from the date the financial statements are signed. In drawing up these forecasts, the directors have made assumptions based upon their view of the current and future economic conditions, that will prevail over the forecast period. Based on these forecasts the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

In light of this, the directors continue to adopt the going concern basis of accounting in preparing the Company's annual financial statements.

#### **Disclosure of Information in the Strategic Report**

Please refer to the Strategic report for full details of risks, principals and objectives and performance of the Company.

#### **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.

#### **Disclosure of Information to Auditors**

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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

# **Catchment Moray Limited**

## **Directors' Report** *(continued)*

### **Year Ended 31 December 2021**

This report was approved by the board of directors on 30 May 2022 and signed by order of the board by:



Mike Forrest on behalf of Infrastructure Managers Limited  
Company Secretary

# **Catchment Moray Limited**

## **Directors' Responsibilities Statement**

### **Year Ended 31 December 2021**

The directors are responsible for preparing the Strategic Report, Directors' Report and the Annual Report and Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare the Annual Report and Financial Statements for each financial year. Under that law the directors have prepared the Annual Report and Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland ("FRS 102"), and applicable law).

Under company law the directors must not approve the Annual Report and Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the profit or loss of the Company for that period.

In preparing the Annual Report and Financial Statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the Annual Report and Financial Statements; and
- prepare the Annual Report and 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.

# **Catchment Moray Limited**

## **Independent Auditors' Report to the Members of Catchment Moray Limited**

### **Year Ended 31 December 2021**

#### **Report on the Audit of the Financial Statements**

##### **Opinion**

In our opinion, Catchment Moray Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared 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); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2021; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

##### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Independence**

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

##### **Conclusions Relating to Going Concern**

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's ability to continue as a going concern.

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

# **Catchment Moray Limited**

## **Independent Auditors' Report to the Members of Catchment Moray Limited** (continued)

### **Year Ended 31 December 2021**

#### **Reporting on Other Information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

#### **Strategic Report and Directors' Report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

#### **Responsibilities for the Financial Statements and the Audit**

##### **Responsibilities of the Directors for the Financial Statements**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

# **Catchment Moray Limited**

## **Independent Auditors' Report to the Members of Catchment Moray Limited** *(continued)*

**Year Ended 31 December 2021**

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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.

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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006 and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and the risk of management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Enquiries of management around known or suspected instances of non-compliance with laws and regulations, claims and litigation, and instances of fraud;
- Understanding of management's controls designed to prevent and detect irregularities;
- Review of board minutes;
- Challenging management on assumptions and judgements made in their significant accounting estimates;
- Identifying and testing journal entries to assess whether any of the journals appeared unusual, for example impacting revenue and distributable reserves.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### **Use of This Report**

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

# **Catchment Moray Limited**

## **Independent Auditors' Report to the Members of Catchment Moray Limited** *(continued)*

**Year Ended 31 December 2021**

### **Other Required Reporting**

#### **Companies Act 2006 Exception Reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Paul Cheshire (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants & Statutory Auditors  
Edinburgh

30 May 2022

# Catchment Moray Limited

## Statement of Comprehensive Income

Year Ended 31 December 2021

	Note	2021 £	2020 £
<b>Turnover</b>	<b>4</b>	<b>10,988,458</b>	11,071,150
Cost of sales		<u>(5,996,857)</u>	<u>(5,496,099)</u>
<b>Gross profit</b>		<b>4,991,601</b>	5,575,051
Administrative expenses		<u>(3,267,599)</u>	<u>(2,961,779)</u>
<b>Operating profit</b>	<b>5</b>	<b>1,724,002</b>	2,613,272
Interest receivable and similar income	<b>7</b>	<b>6,745</b>	14,744
Interest payable and similar expenses	<b>8</b>	<u>(2,242,164)</u>	<u>(2,356,894)</u>
<b>(Loss)/profit before taxation</b>		<b>(511,417)</b>	271,122
Tax on (loss)/profit	<b>9</b>	<u>(1,290,599)</u>	<u>(584,878)</u>
<b>Loss for the financial year and total comprehensive expense</b>		<b><u>(1,802,016)</u></b>	<b><u>(313,756)</u></b>

All the activities of the Company are from continuing operations.

The notes on pages 14 to 22 form part of these Financial Statements.

# Catchment Moray Limited

## Statement of Financial Position

As at 31 December 2021

	Note	2021 £	2020 £
<b>Current assets</b>			
Debtors: amounts falling due within one year	10	4,612,253	3,755,787
Debtors: amounts falling due after more than one year	10	38,926,126	42,634,017
Cash at bank and in hand		5,558,072	6,056,546
		<u>49,096,451</u>	<u>52,446,350</u>
<b>Creditors: amounts falling due within one year</b>	11	<u>(8,496,726)</u>	<u>(11,479,101)</u>
<b>Net current assets</b>		<u>40,599,725</u>	<u>40,967,249</u>
<b>Total assets less current liabilities</b>		<u>40,599,725</u>	<u>40,967,249</u>
<b>Creditors: amounts falling due after more than one year</b>	12	<u>(27,147,737)</u>	<u>(26,543,867)</u>
<b>Provisions for liabilities</b>			
Taxation including deferred taxation	13	<u>(4,192,178)</u>	<u>(3,361,556)</u>
<b>Net assets</b>		<u>9,259,810</u>	<u>11,061,826</u>
<b>Capital and reserves</b>			
Called up share capital	15	3,000,003	3,000,003
Retained earnings	16	6,259,807	8,061,823
<b>Total shareholders' funds</b>		<u>9,259,810</u>	<u>11,061,826</u>

The Financial Statements were approved by the board of directors and authorised for issue on 30 May 2022, and are signed on behalf of the board by:



John Wrinn  
Director

Company registration number: SC206595

The notes on pages 14 to 22 form part of these Financial Statements.

**Catchment Moray Limited**  
**Statement of Changes in Equity**  
**Year Ended 31 December 2021**

	Called up share capital £	Retained earnings £	Total £
<b>At 1 January 2020</b>	3,000,003	8,375,579	11,375,582
Loss for the financial year		(313,756)	(313,756)
<b>Total comprehensive expense for the year</b>	—	(313,756)	(313,756)
<b>At 31 December 2020</b>	3,000,003	8,061,823	11,061,826
Loss for the financial year		(1,802,016)	(1,802,016)
<b>Total comprehensive expense for the year</b>	—	(1,802,016)	(1,802,016)
<b>At 31 December 2021</b>	<u>3,000,003</u>	<u>6,259,807</u>	<u>9,259,810</u>

The notes on pages 14 to 22 form part of these Financial Statements.

# **Catchment Moray Limited**

## **Notes to the Annual Report and Financial Statements**

### **Year Ended 31 December 2021**

#### **1. General Information**

Catchment Moray Limited ("the Company") is a private company limited by shares and is incorporated, domiciled and registered in Scotland. The address of its registered office is 2nd Floor, 11 Thistle Street, Edinburgh, EH2 1DF. The principal activity of the Company is the provision of wastewater and sewage treatment and related services.

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

#### **2. Statement of Compliance**

The individual financial statements of Catchment Moray 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 Companies Act 2006.

#### **3. Accounting Policies**

##### **(a) Basis of preparation**

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities.

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 judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment 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.

##### **(b) Going concern**

The Company prepares cash flow forecasts covering the expected life of the asset and so including the 12 month period from the date the financial statements are signed. In drawing up these forecasts, the directors have made assumptions based upon their view of the current and future economic conditions, that will prevail over the forecast period. Based on these forecasts the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

In light of this, the directors continue to adopt the going concern basis of accounting in preparing the Company's annual financial statements.

# Catchment Moray Limited

## Notes to the Annual Report and Financial Statements *(continued)*

### Year Ended 31 December 2021

#### 3. Accounting Policies *(continued)*

##### (c) Disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of BILF Holdco Limited which can be obtained from the Company Secretary at Cannon Place, 78 Cannon Street, London, EC4N 6AF. As such, advantage has been taken of the following disclosure exemptions available under FRS 102:

- (a) No cash flow statement has been presented for the Company.
- (b) Certain disclosures required by Sections 11 and 12 of FRS 102 (Basic Financial Instruments and Other Financial Instruments Issues respectively)

The Company is wholly owned by Catchment Moray Holdings Limited and has taken advantage of the exemption in section 33 of FRS 102 'Related Party Disclosures', that allows it not to disclose transactions with wholly owned members of a group.

##### (d) Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported. These estimates and judgments 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 less any impairment losses, 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 compare 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) Service concession contract

Accounting for the service concession contract and finance debtor requires estimation of service margin, finance debtor interest rates and associated amortisation profile which is based on projected trading results to the end of the contract.

# **Catchment Moray Limited**

## **Notes to the Annual Report and Financial Statements *(continued)***

### **Year Ended 31 December 2021**

#### **3. Accounting Policies *(continued)***

##### **(e) Revenue recognition**

Turnover represents sales to external customers at invoiced amounts less value added tax to the extent that the income relates to the current period.

##### **(f) 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. The directors periodically evaluate 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 the 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.

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.

##### **(g) Finance debtor**

The Company has taken the transition exemption in FRS 102 Section 35.10(i) that allows the Company to continue the service concession arrangement accounting policies from previous UK GAAP.

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.

# Catchment Moray Limited

## Notes to the Annual Report and Financial Statements *(continued)*

### Year Ended 31 December 2021

#### 3. Accounting Policies *(continued)*

##### (h) 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. Bank overdrafts are shown within borrowings in current liabilities.

##### (i) 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.

##### (j) Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the Statement of Financial Position and the amount of the provision as an expense. Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset.

##### (k) 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 subsequently measured at amortised cost.

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.

# Catchment Moray Limited

## Notes to the Annual Report and Financial Statements *(continued)*

### Year Ended 31 December 2021

#### 3. Accounting Policies *(continued)*

##### **Financial instruments *(continued)***

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. Dividends and distributions relating to equity instruments are debited direct to equity.

#### 4. Turnover

Turnover arises from:

	2021	2020
	£	£
Rendering of services	<u>10,988,458</u>	<u>11,071,150</u>

The whole of the turnover is attributable to the principal activity of the Company wholly undertaken in the United Kingdom.

#### 5. Operating Profit

Operating profit or loss is stated after charging:

	2021	2020
	£	£
Fees payable for the audit of the annual report and financial statements	<u>11,130</u>	<u>10,900</u>

Included in the fee above is £2,260 (2020: £2,240) for the audit of the immediate parent entity Catchment Moray Holdings Limited and subsidiary Catchment Moray Limited.

#### 6. Particulars of Employees and Directors

The average number of persons employed by the Company during the financial year amounted to nil (2020: nil). The directors are not employed by the Company and did not receive any remuneration from the Company during the year (2020: £nil).

# Catchment Moray Limited

## Notes to the Annual Report and Financial Statements *(continued)*

### Year Ended 31 December 2021

#### 7. Interest Receivable and Similar Income

	2021	2020
	£	£
Interest on cash and cash equivalents	<u>6,745</u>	<u>14,744</u>

#### 8. Interest Payable and Similar Expenses

	2021	2020
	£	£
Interest on bank loans and overdrafts	2,141,746	2,304,471
Interest due to Group undertakings	<u>100,418</u>	<u>52,423</u>
	<u>2,242,164</u>	<u>2,356,894</u>

#### 9. Tax on (Loss)/Profit

##### Major components of tax expense

	2021	2020
	£	£
<b>Current tax:</b>		
UK current tax expense	–	144,440
Adjustments in respect of prior periods	<u>460,168</u>	<u>–</u>
Total current tax	<u>460,168</u>	<u>144,440</u>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	<u>830,431</u>	<u>440,438</u>
<b>Tax on (loss)/profit</b>	<u>1,290,599</u>	<u>584,878</u>

##### Reconciliation of tax expense

The tax assessed on the (loss)/profit for the year is higher than (2020: higher than) the standard rate of corporation tax in the UK of 19% (2020: 19%).

	2021	2020
	£	£
(Loss)/profit before taxation	<u>(511,417)</u>	<u>271,122</u>
(Loss)/profit before taxation by rate of tax	<u>(97,169)</u>	<u>51,513</u>
Adjustment to tax charge in respect of prior periods	<u>460,168</u>	<u>–</u>
Effect of expenses not deductible for tax purposes	<u>44,109</u>	<u>57,400</u>
Changes in tax rates	<u>883,491</u>	<u>475,965</u>
Total tax charge	<u>1,290,599</u>	<u>584,878</u>

# Catchment Moray Limited

## Notes to the Annual Report and Financial Statements *(continued)*

### Year Ended 31 December 2021

#### 9. Tax on (Loss)/Profit *(continued)*

During the year, as a result of the increase in the UK main corporation tax rate from 19% to 25% that was enacted in May 2021 to take effect from 1 April 2023, the relevant deferred tax balances have been remeasured at 25%. This change has increased the deferred tax liability at the balance sheet date, and so has decreased the profit in the year by £883,491.

Current tax includes a charge of £460,168 that represents historic group relief balances written off as part of a group-wide exercise.

#### 10. Debtors

Debtors amounts falling due within one year are as follows:

	2021	2020
	£	£
Amounts owed by Group undertakings	2,138	461,978
Prepayments and accrued income	233,754	219,778
Corporation tax repayable	106,355	–
Finance debtor	3,039,572	2,089,222
Other debtors	1,230,434	984,809
	<u>4,612,253</u>	<u>3,755,787</u>

Debtors amounts falling due after more than one year are as follows:

	2021	2020
	£	£
Finance debtor	<u>38,926,126</u>	<u>42,634,017</u>

The movement in the finance debtor is analysed as follows:

	2021	2020
	£	£
At beginning of year	44,723,239	47,228,160
Amortisation	<u>(2,757,541)</u>	<u>(2,504,921)</u>
At end of year	<u>41,965,698</u>	<u>44,723,239</u>

Amounts owed by Group undertakings consists of group tax relief receivable.

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

	2021	2020
	£	£
Bank loans and overdrafts	2,310,424	5,164,744
Trade creditors	597,548	624,099
Amounts owed to Group undertakings	4,167,499	4,067,081
Accruals and deferred income	1,421,255	1,585,532
Corporation tax	–	37,645
	<u>8,496,726</u>	<u>11,479,101</u>

# Catchment Moray Limited

## Notes to the Annual Report and Financial Statements *(continued)*

### Year Ended 31 December 2021

#### 11. Creditors: amounts falling due within one year *(continued)*

Amounts owed to Group undertakings of £4,067,081 (2020: £4,067,081) relates to £4,740,000 borrowed by the Company from Catchment Moray Holdings Limited under a subordinated debt agreement on 25 June 2001. The loan bears interest at 0% per cent per annum and, legally, is repayable on demand therefore is recognised as a current liability. However, assurance has been received from Catchment Moray Holdings Limited that this loan will not be called in accordance with the original repayment terms, and it is not forecasted to be repaid until significantly later in the concession period. Therefore the loan is discounted at a market rate of interest in accordance with the forecast repayment profile, with the final payment due on 30 September 2031. As a subordinated loan agreement, this sum is unsecured, and would rank alongside ordinary creditors in the event of a winding up.

The bank loans are secured by a standard security over the finance debtor asset. The loan bears interest at 7.02% and is repayable in installments with the the final payment due on 31 September 2031. The full amount of loan drawdown at 31 December 2021 is £29,458,161 (2020: £31,708,611).

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

	2021	2020
	£	£
Bank loans and overdrafts	<u>27,147,737</u>	<u>26,543,867</u>

The bank loans are secured by a standard security over the finance debtor asset. The loan bears interest at 7.02% and is repayable in installments with the the final payment due on 31 September 2031. The full amount of loan drawdown at 31 December 2021 is £29,458,161 (2020: £31,708,611).

#### 13. Provisions for Liabilities

	Deferred tax (note 14) £
At 1 January 2021	3,361,556
Movement through profit or loss	830,622
<b>At 31 December 2021</b>	<u><b>4,192,178</b></u>

#### 14. Deferred Tax

The deferred tax included in the Statement of Financial Position is as follows:

	2021	2020
	£	£
Included in provisions for liabilities (note 13)	<u>4,192,178</u>	<u>3,361,556</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2021	2020
	£	£
Accelerated capital allowances	6,146,282	4,978,299
Unused tax losses	<u>(1,954,104)</u>	<u>(1,616,743)</u>
	<u><b>4,192,178</b></u>	<u><b>3,361,556</b></u>

# Catchment Moray Limited

## Notes to the Annual Report and Financial Statements *(continued)*

### Year Ended 31 December 2021

#### 14. Deferred Tax *(continued)*

	2020 £
Opening balance	3,361,556
Movement through the profit or loss	830,622
<b>Closing balance</b>	<b><u>4,192,178</u></b>

The net deferred tax liability expected to reverse in 2022 is £482,862 (2021: £447,703). This primarily relates to the reversal of timing differences on capital allowances offset by expected utilisation of tax losses and short term timing differences. The value of losses not recognised is £1,391,568.

#### 15. Called Up Share Capital

##### Issued, called up and fully paid

	2021 No.	£	2020 No.	£
Ordinary shares of £1 each	<u>3,000,003</u>	<u>3,000,003</u>	<u>3,000,003</u>	<u>3,000,003</u>

There is a single class of ordinary share. There are no restrictions on the distribution of dividends and the repayment of capital.

#### 16. Reserves

Profit and loss account records retained earnings and accumulated losses.

#### 17. Related Party Transactions

The company is wholly owned by Catchment Moray Holdings Limited and has taken advantage of the exemption in section 33 of FRS 102 'Related Party Disclosures', that allows it not to disclose transactions with wholly owned members of a group.

The following disclosures relate to transactions with entities outside the wholly owned group:

The Company paid £150,536 (2020: £103,635) to BIIF Bidco Limited and its subsidiaries for director fees and provision of management services. At the year end £nil (2020: £nil) remained outstanding.

#### 18. Controlling Party

The immediate parent undertaking is Catchment Moray Holdings Limited.

The intermediate parent undertaking is BIIF Holdco Limited, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of BIIF Holdco Limited consolidated financial statements can be obtained from the Company Secretary at Cannon Place, 78 Cannon Street, London, EC4N 6AF.

The ultimate parent and controlling party is BIIF L.P. BIIF L.P. is owned by a number of investors with no one investor having individual control.