

PETPS (Birmingham) General Partner Limited

**Annual report and financial
statements**

Registered number SC569640

31 March 2021



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Directors' report

The directors present their report and the financial statements for the year ended 31 March 2021.

Principal activities of the Company

The Company was incorporated on 26 June 2017 as part of an asset backed funding structure in order to allow Birmingham City Council ("the City") to finance payments to the NEC Limited Pension Fund (the "Fund"). As part of this structure, the City set up wholly owned companies, being PETPS (Birmingham) Capital Limited and the Company, which established a Scottish Limited Partnership called PETPS (Birmingham) Pension Funding SLP (the "Partnership"). The Partnership was capitalised with £17.2million cash which has been loaned back to the City. NEC Pension Trustee Company No. 2 Limited, which is the trustee of the Fund, received an interest in the Partnership on 4 July 2017. Payments will be made by the City to the Partnership under the loan and the Partnership will make payments to the trustee of the Fund in accordance with an agreed distribution schedule.

The Company is the general partner of the Partnership.

Results

The result for the year is shown in the profit and loss account on page 8. The directors do not recommend the payment of a dividend.

Going concern

The directors have reviewed the Company's prospects for the twelve months from the date of signing. After considering the forecasts to the end of that period together with a range of actions that could be taken in response, the directors have adopted the going concern basis in preparing the financial statements.

Financial risk management

As described above, the Company is part of an asset backed funding structure. The directors monitor any risks surrounding this as appropriate.

Directors

The directors who held office during the year, and up to the signing of the accounts were as follows:

- A Layton (appointed 19 August 2020)
- M Stevens (resigned 7 April 2021)
- C Heaphy (resigned 19 August 2020)
- B Sullivan (appointed 5 July 2021)

The Company maintains directors and officers liability insurance on behalf of the directors. The cost is met by the City.

Directors' report (continued)

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and UHY Hacker Young (Birmingham) LLP will therefore continue in office.

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

In preparing this report the directors have taken advantage of the small company exemptions provided by section 415A of the Companies Act 2006.

By order of the board



A Layton
Director

1st Floor Citypoint
65 Haymarket Terrace
Edinburgh
EH12 5HD

Date 5 October 2021

Statement of directors' responsibilities in respect of the annual report and the financial statements

The directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including *FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of PETPS (Birmingham) General Partner Limited

Opinion

We have audited the financial statements of PETPS (Birmingham) General Partner Limited (the 'company') for the year ended 31 March 2021 which comprise the Profit and Loss account, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 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 Auditors' 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 financial statement. 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 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.

Independent auditor's report to the members of PETPS (Birmingham) General Partner 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Directors.

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' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, 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 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.

Independent auditor's report to the members of PETPS (Birmingham) General Partner Limited (*continued*)

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 a Report of the Auditors 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:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the sector; and
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation and data protection, anti-bribery, employment, environmental and health and safety legislation.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims.

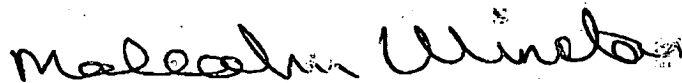
There are inherent limitations in the audit procedures described above; any instance of non-compliance with laws and regulations and fraud which is far removed from transactions reflected in the financial statements would diminish the likelihood of detection. Furthermore, the risk of not detecting a material misstatement due to fraud is greater than the risk of not detecting one resulting from error. Fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentation, or through an act of collusion that would mitigate internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Independent auditor's report to the members of PETPS (Birmingham) General Partner Limited (continued)

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 a Report of the Auditors 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.



Malcolm Winston, Senior Statutory Auditor
UHY Hacker Young (Birmingham) LLP, Statutory Auditor
9 - 11 Vittoria Street
Birmingham
B1 3ND

Date: 5 October 2021

Profit and loss account
for the year ended 31 March 2021

	<i>Note</i>	2021 £	2020 £
Other interest receivable and similar income	6	4	6
Interest payable and similar expenses	6	—	(1,148)
		<hr/>	<hr/>
Profit/(loss) before taxation and profit/(loss) for the financial year		4	(1,142)
		<hr/>	<hr/>
		<hr/>	<hr/>
Total comprehensive income/(loss) for the year		4	(1,142)
		<hr/>	<hr/>

The notes on pages 11 to 12 form part of these financial statements.

Balance sheet
at 31 March 2021

	<i>Note</i>	2021 £	2020 £
Current assets			
Cash at bank and in hand		389	289
Other debtors	6	198	294
		<hr/>	<hr/>
Net assets		587	583
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	5	1	1
Profit and loss account		586	582
		<hr/>	<hr/>
Shareholders' funds		587	583
		<hr/>	<hr/>

The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and in accordance with the provisions of FRS 102 Section 1A *Small Entities*.

These financial statements were approved by the board of directors on 5 October 2021 and were signed on its behalf by:



A Layton
Director

Company registered number: SC569640

The notes on pages 11 to 12 form part of these financial statements.

Statement of changes in equity
As at 31 March 2021

	Called up share capital £	Profit and loss account £	Total equity £
Balance at 31 March 2019	1	1,724	1,725
Total comprehensive loss for the year			
Loss for the year	-	(1,142)	(1,142)
Balance at 31 March 2020	1	582	583
Total comprehensive income for the year			
Profit for the year	-	4	4
Balance at 31 March 2021	1	586	587

The notes on pages 11 to 12 form part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

PETPS (Birmingham) General Partner Limited (the "Company") is a company limited by shares and incorporated and domiciled in Scotland in the UK. The registered number is SC569640 and the registered address is 1st Floor Citypoint, 65 Haymarket Terrace, Edinburgh, EH12 5HD.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102") as issued in March 2018. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1.

The Company's ultimate parent undertaking, Birmingham City Council, includes the Company in its consolidated financial statements. The consolidated financial statements of Birmingham City Council are prepared in accordance with proper practices as set out in the CIPFA/LASAAC *Code of Practice on Local Authority Accounting in the United Kingdom* and are available to the public and may be obtained from www.birmingham.gov.uk. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.1 Judgements in applying accounting policies

There are no judgements made by the directors, in the application of these accounting policies that are expected to have a significant effect on the financial statements or estimates with a significant risk of material adjustment in the next year.

1.2 Measurement convention

The financial statements are prepared on the historical cost basis.

1.3 Going concern

The directors have reviewed the Company's prospects for the twelve months from the date of signing. After considering the forecasts to the end of that period together with a range of actions that could be taken in response, the directors have adopted the going concern basis in preparing the financial statements.

1.4 Basic financial instruments

Other debtors

Other debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

1.5 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

2 Auditor's remuneration

Auditor's remuneration payable to the Company's auditor for the audit of the financial statements was £6,000 including VAT (2020: £9,000 including VAT). This remuneration is borne by Birmingham City Council.

Notes (continued)

3 Employees and directors' remuneration

The Company has no employees (2020: none).

Directors' emoluments have been borne by the parent company, Birmingham City Council. The directors of the Company are also directors or officers of a number of the companies within the group headed by Birmingham City Council. The directors' services to the Company do not occupy a significant amount of their time. As such the directors do not consider that they have received any remuneration for their incidental services to the Company for the year ended 31 March 2021 (2020: none).

4 Taxation

Factors impacting future tax changes

The Chancellor has confirmed an increase in the corporation tax rate from 19% to 25% with effect from 1 April 2023. The newly announced 25% was included in the Finance Bill 2021, which was published on 11 March 2021. The rate is expected to be substantively enacted over the coming months via the Bill being passed by the House of Commons.

5 Share capital

	2021 £	2020 £
<i>Allotted, called up and fully paid</i>		
1 ordinary share of £1 each	1	1
	<hr/>	<hr/>

6 Related party transactions

During the year the Company received a fee of £100 (2020: £100) from PETPS (Birmingham) Pension Funding Scottish Limited Partnership, and interest income of £4 (2020: £6) was recognised. The amount outstanding at the year-end was £198 (2020: £294) which has been included as an 'other debtor' on the balance sheet.

During the prior year, the estimate of the cash flows expected to be received from the Partnership was revised, therefore the carrying value of the receivable was re-calculated to the present value of the estimated future cash flows at the original effective interest rate, giving rise to a finance expense of £1,148 in the prior year.

7 Ultimate parent company and parent company of larger group

Birmingham City Council is the immediate and ultimate parent undertaking and controlling party. The consolidated financial statements of Birmingham City Council are available from www.birmingham.gov.uk.