Company Registration No. 04929525 (England and Wales)

NORTH NOTTINGHAMSHIRE LIFT PROJECT COMPANY (NO.1) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

UHY Hacker Young
Chartered Accountants

NORTH NOTTINGHAMSHIRE LIFT PROJECT COMPANY (NO.1) LIMITED

COMPANY INFORMATION

Directors	L A Dadge	
	S P Tipping	
	A N Duck	
	Mr M W Grinoneau	(Appointed 1 October 2021)
	P J Harding	(Appointed 1 October 2022)
Secretary	M Duggan	
Company number	04929525	
Registered office	Unit G1 Ash Tree Court Nottingham Business Park Nottingham NG8 6PY	
Auditor	UHY Hacker Young Quadrant House 4 Thomas More Square London E1W 1YW	

NORTH NOTTINGHAMSHIRE LIFT PROJECT COMPANY (NO.1) LIMITED

CONTENTS

NORTH NOTTINGHAMSHIRE LIFT PROJECT COMPANY (NO.1) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The directors present their annual report and financial statements for the year ended 31 March 2022.

Principal activities

The principal activity of the company is to design, build, finance and manage premises under the Government's LIFT initiative.

The company's principal tenant is Community Health Partnerships Limited. The directors are confident that the principal tenant will continue to meet the obligations set out under the lease agreement.

Results and dividends

Ordinary dividends were paid amounting to £1,324k (2021: £716k). 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:

R J Coates	(Resigned 30 September 2021)
L A Dadge	
C S E Douglass	(Resigned 1 October 2022)
S P Tipping	
A N Duck	
M W Grinonneau	(Appointed 1 October 2021)
P J Harding	(Appointed 1 October 2022)

North Nottinghamshire LIFT Project Company (No 1) Limited has adopted Articles of Association, the provisions of which do not require the directors to retire by rotation or to retire at the first Annual General Meeting after their appointment.

Qualifying third party indemnity provisions

The directors of North Nottinghamshire LIFT Project Company (No.1) Limited have qualifying third party indemnity provisions put in place through other companies of which they are also directors.

Auditor

The auditor, UHY Hacker Young, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

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;
- 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.

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.

Going concern

The company has net liabilities of £2,796k (2021: £1,152k as restated) which includes the negative fair value of the interest rate swaps of £4,794k (2021: £8,083k) and RPI swap of £8,107k (2021: £3,354k) within liabilities, and net current assets of £37,696k (2021: £39,721k), including long term financial assets of £37,230k (2021: £38,734k) and cash of £3,468k (2021: £3,919k) at 31 March 2022.

The directors have considered the available funding facilities, cash flow forecasts and financial projections that are agreed as part of the twenty-five-year business plan model agreed at each financial close. In addition, the company has in place SWAP arrangements with the funders that protect against Retail Price and interest rate fluctuations. After considering these matters and in the light of the recent forecasts of the company, the directors consider it appropriate to continue to adopt the going concern basis in preparing the financial statements.

The directors have considered the potential impact to the business from the effects of the current economic climate and have put in place plans to mitigate the currently known, and potential risks to business continuity. As income is guaranteed through the 25 year Lease Plus Agreements, and the content of a Government Procurement Policy Note indicates that public bodies will continue to pay their suppliers, the directors do not believe that there is any material risk to income or cashflows.

On this basis, the directors anticipate that the company will continue to be able to meet its business obligations as they fall due over the coming twelve months. the directors therefore consider it appropriate to continue to prepare the financial statements on a going concern basis.

On behalf of the board

DocuSigned by:

AC1852640550473........

P J Harding
Director

16-Mar-2023 | 1:52 PM GMT

UHY Hacker Young
Chartered Accountants

UHY Hacker Young LLP
Quadrant House
4 Thomas More Square
London E1W 1YW

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NORTH NOTTINGHAMSHIRE LIFT PROJECT COMPANY (NO.1) LIMITED

Opinion

We have audited the financial statements of North Nottinghamshire LIFT Project Company (No.1) Limited (the 'company') for the year ended 31 March 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 31 March 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.

UHY Hacker Young LLP
Quadrant House
4 Thomas More Square
London E1W 1YW

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF NORTH NOTTINGHAMSHIRE LIFT PROJECT COMPANY (NO.1) LIMITED

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 our audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of 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 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' exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

UHY Hacker Young LLP
Quadrant House
4 Thomas More Square
London E1W 1YW

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF NORTH NOTTINGHAMSHIRE LIFT PROJECT COMPANY (NO.1) LIMITED

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.

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 the industry in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the acts by the company which were contrary to applicable laws and regulations including fraud and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. 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 the inflated revenue and profit, and valuation of the financial asset.

Audit procedures performed included: review of the financial statement disclosures to underlying supporting documentation, review of accounting policy applied to the financial asset, review of the financial model, correspondence with legal/operations team and lenders, and enquiries of management in so far as they related to the financial statements, and testing of journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

There are inherent limitations in the audit procedures described above 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 would become aware of it. 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 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.

UHY Hacker Young
Chartered Accountants

UHY Hacker Young LLP
Quadrant House
4 Thomas More Square
London E1W 1YW

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF NORTH NOTTINGHAMSHIRE LIFT PROJECT COMPANY (NO.1) LIMITED

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.

Marc Waterman (Senior Statutory Auditor)
For and on behalf of UHY Hacker Young

Date: 16/3/2023

Chartered Accountants
Statutory Auditor

NORTH NOTTINGHAMSHIRE LIFT PROJECT COMPANY (NO.1) LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £000	2021 £000
Turnover	3	2,499	3,441
Cost of sales		(1,387)	(1,950)
Gross profit		1,112	1,491
Administrative expenses		(251)	(353)
Operating profit		861	1,138
Interest receivable and similar income	7	2,362	2,463
Interest payable and similar expenses	8	(2,005)	(2,082)
Amounts written off investments	9	-	149
Profit before taxation		1,218	1,668
Tax on profit	10	(441)	(538)
Profit for the financial year		777	1,130
Other comprehensive income			
Cash flow hedges (loss)/gain arising in the year		(1,464)	1,752
Tax relating to other comprehensive income		366	(309)
Total comprehensive income for the year		(321)	2,573

The profit and loss account has been prepared on the basis that all operations are continuing operations.

NORTH NOTTINGHAMSHIRE LIFT PROJECT COMPANY (NO.1) LIMITED

BALANCE SHEET

AS AT 31 MARCH 2022

	Notes	2022 £000	2022 £000	2021 £000	2021 £000
Current assets					
Debtors falling due after more than one year	13	37,230		38,734	
Debtors falling due within one year	13	215		211	
Cash at bank and in hand		3,468		3,919	
		40,913		42,864	
Creditors: amounts falling due within one year	14	(3,217)		(3,143)	
Net current assets			37,696		39,721
Creditors: amounts falling due after more than one year	15		(40,821)		(40,806)
Provisions for liabilities					
Deferred tax liability	17	(329)		67	
			329		(67)
Net liabilities			(2,796)		(1,152)
Capital and reserves					
Hedging reserve			(9,786)		(8,689)
Profit and loss reserves			6,990		7,537
Total equity			(2,796)		(1,152)

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

The financial statements were approved by the board of directors and authorised for issue on 16-Mar-2023 | 1:52 PM G and are signed on its behalf by:

DocuSigned by:

AC1852640550473...

P J Harding
Director

Company Registration No. 04929525

NORTH NOTTINGHAMSHIRE LIFT PROJECT COMPANY (NO.1) LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022

	Notes	Hedging reserve £000	Profit and loss reserves £000	Total £000
Balance at 1 April 2020		(10,132)	7,123	(3,009)
Year ended 31 March 2021:				
Profit for the year		-	1,130	1,130
Other comprehensive income:				
Cash flow hedges gains		1,752	-	1,752
Tax relating to other comprehensive income		(309)	-	(309)
Total comprehensive income for the year		1,443	1,130	2,573
Dividends	**11**	-	(716)	(716)
Balance at 31 March 2021		(8,689)	7,537	(1,152)
Year ended 31 March 2022:				
Profit for the year		-	777	777
Other comprehensive income:				
Cash flow hedges gains		(1,464)	-	(1,464)
Tax relating to other comprehensive income		366	-	366
Total comprehensive income for the year		(1,098)	777	(321)
Dividends	**11**	-	(1,324)	(1,324)
Balance at 31 March 2022		(9,786)	6,990	(2,796)

1 Accounting policies

Company information

North Nottinghamshire LIFT Project Company (No.1) Limited is a private company limited by shares incorporated in England and Wales. The registered office is Unit G1 Ash Tree Court, Nottingham Business Park, Nottingham, NG8 6PY.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £000.

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies. The principal accounting policies adopted are set out below.

1.2 Going concern

The company has net liabilities of £2,796k (2021: £1,152k as restated) which includes the negative fair value of the interest rate swaps of £8,083k (2021: £8,083k) and RPI swap of £3,354k (2021: £3,354k) within liabilities, and net current assets of £37,696k (2021: £39,721k), including long term financial assets of £37,230k (2021: £38,734k) and cash of £3,468k (2021: £3,919k) at 31 March 2022.

The directors have considered the available funding facilities, cash flow forecasts and financial projections that are agreed as part of the twenty-five-year business plan model agreed at each financial close. In addition, the company has in place SWAP arrangements with the funders that protect against Retail Price and interest rate fluctuations. After considering these matters and in the light of the recent forecasts of the company, the directors consider it appropriate to continue to adopt the going concern basis in preparing the financial statements.

The directors have considered the potential impact to the business from the effects of the current economic climate and have put in place plans to mitigate the currently known, and potential risks to business continuity. As income is guaranteed through the 25 year Lease Plus Agreements, and the content of ta Government Procurement Policy Note indicates that public bodies will continue to pay their suppliers, the directors do not believe that there is any material risk to income or cashflows.

On this basis, the directors anticipate that the company will continue to be able to meet its business obligations as they fall due over the coming twelve months. the directors therefore consider it appropriate to continue to prepare the financial statements on a going concern basis.

1 Accounting policies **(Continued)**

1.3 Turnover

a. Public to private concession arrangements

A substantial portion of the Company's assets are used within the framework of concession contracts granted by public sector customers ('grantors'). Under these contracts, the Company constructs primary care centres that are leased to the NHS on a 25 year lease.

To fall within the scope of section 34 of FRS 102, a contract must satisfy the following two criteria:

- the grantor controls or regulates what services the operator must provide using the infrastructure, to whom, and at what price; and
- the grantor controls, through ownership, beneficial entitlement or otherwise, any significant residual interest in the infrastructure at the end of the term of the arrangement.

Pursuant to section 34 of FRS 102, such infrastructure is not recognised in assets of the operator as property, plant and equipment but as financial assets ('financial asset model').

b. Financial asset model

The financial asset model applies when the operator has an unconditional right to receive cash or another financial asset from the grantor.

In the case of concession services, the operator has such an unconditional right if the grantor contractually guarantees the payment of:

- Amounts specified or determined in the contract or
- The shortfall, if any, between amounts received from users of the public service and amounts specified or determined in the contract.

Financial assets resulting from the application of section 34 of FRS 102 are recorded in the statement of financial position under the heading financial assets and measured at amortised cost.

Pursuant to section 23 of FRS 102, revenue associated with this financial model comprises of service remuneration which relates to lifecycle maintenance and facilities income and ad hoc property related services income.

c. Other revenue items

Rental income from operating leases is recognised on a straight-line basis over the lease term.

1.4 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 Accounting policies **(Continued)**

1.5 Financial instruments

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are recognised on the trade date when the company becomes a party to the contractual provisions of the instrument. Financial instruments are recognised initially at fair value plus, in the case of a financial instrument not at fair value through profit and loss, transactions costs that are directly attributable to the acquisition or issue of the financial instrument.

Financial instruments are derecognised on the trade date when the company is no longer a party to the contractual provisions of the instrument.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Financial asset

The financial asset is stated at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset.

Classification of financial liabilities

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 company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1 Accounting policies **(Continued)**

1.6 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

There is no requirement to pay dividends unless approved by the shareholders by way of written resolution where there is sufficient cash to meet current liabilities, and without written detriment to senior debt covenants, if applicable.

1.7 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.8 Hedge accounting

The company designates certain hedging instruments, including derivatives, embedded derivatives and non-derivatives, as either fair value hedges or cash flow hedges. At the inception of the hedge relationship, the company documents the relationship between the hedging instrument and the hedged item along with risk management objectives and strategy for undertaking various hedge transactions. At the inception of the hedge and on an ongoing basis, the company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

For derivatives that are designated and qualify as cash flow hedges, the effective portion of changes in the fair value of the hedge is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Any gain or loss previously recognised in other comprehensive income is reclassified to profit or loss when the hedge relationship ends. This occurs when the hedging instrument expires or no longer meets the hedging criteria, the forecast transaction is no longer highly probable, the hedged debt instrument is derecognised, or the hedging instrument is terminated.

1.9 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

1 Accounting policies **(Continued)**

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.

1.10 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

1.11 Loan arrangement fees

Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument. The capitalised fees are then released to the statement of comprehensive income on a straight line basis over the term of the loan.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Concession arrangements

The concession arrangements undertaken by the company are considered to fall within the scope of section 34 of FRS 102 "Service Concession Arrangements", as described in the Turnover note. This judgement has been based on a consideration of the nature and terms of the agreements and, in all contracts, the existence of an option for the grantor to purchase the properties at the end of the contract.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Financial asset

The calculation of the amortised cost of the financial asset requires an estimate of the residual value of the property at the end of the lease term. This estimate has been based on the residual value allocated to the contract in the financial models, which form the basis for the calculation of rent charged to the lessees.

Financial asset interest rate

The financial asset interest income is based on the WACC of the project and is applied to the carrying value of the financial asset on a quarterly basis. The interest rate used in 2022 is 6.48% (2021: 6.48%) per annum.

Service margin

After the property is constructed, the company provides property management services. The remuneration for these services is recognised at cost plus an estimated mark up for profit on property management services. The service margin rate used in 2022 is 54.84% (2021:60.01%) per annum. It is the policy of the directors that the service margin is reviewed annually on 1 April each year to generate a new service margin rate, which is to be applied in the proceeding financial year.

3 Turnover and other revenue

	2022 £000	2021 £000
Turnover analysed by class of business		
Cost recoveries	492	371
Service margin	1,819	2,905
Rental income (third party)	167	165
Other income	21	-
	2,499	3,441

	2022 £000	2021 £000
Other significant revenue		
Interest income	2,362	2,463

4 Auditor's remuneration

The audit fee for the company has been borne by the parent company, North Nottinghamshire LIFT Company Limited.

5 Employees

The company had no employees during the year or the previous year.

6 Directors' remuneration

The directors did not receive any remuneration from the company for their services to the company during the year or the previous year. The directors are remunerated by the shareholding companies for their services to the group as a whole. It is not practicable to apportion their remuneration for their services to this company.

7 Interest receivable and similar income

	2022 £000	2021 £000
Bank interest receivable	4	3
Financial interest receivable	2,358	2,460
	2,362	2,463

8 Interest payable and similar expenses

	2022 £000	2021 £000
Bank interest payable	1,677	1,736
Loan note interest payable	328	346
	2,005	2,082

9 Amounts written off investments

	2022 £000	2021 £000
Fair value gains/(losses) on financial instruments		
Hedge ineffectiveness on a cash flow hedge	-	149

10 Taxation

	2022 £000	2021 £000
Current tax		
UK corporation tax on profits for the current period	471	226
Deferred tax		
Origination and reversal of timing differences	(30)	312
Total tax charge	441	538

10 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	1,218	1,668
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	231	317
Tax effect of expenses that are not deductible in determining taxable profit	286	57
Tax effect of income not taxable in determining taxable profit	(6)	(6)
Adjustments in respect of prior years	-	204
Effect of change in corporation tax rate	(70)	-
Group relief	-	(14)
Deferred tax credited directly to equity	-	(309)
Deferred tax not recognised	-	(33)
Other timing differences	-	322
Taxation charge for the year	441	538

In addition to the amount charged to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2022 £000	2021 £000
Deferred tax arising on:		
Revaluation of financial instruments treated as cash flow hedges	(366)	309

In March 2021 the UK Government announced its intention to increase the rate of corporation tax to 25% with effect from 1 April 2023.

11 Dividends

	2022 £000	2021 £000
Interim paid	1,324	716

12 Financial instruments

	2022	2021
	£000	£000
Carrying amount of financial liabilities		
Measured at fair value through profit or loss		
- Other financial liabilities	12,901	11,437

Derivative financial instruments designated as hedges of variable interest rate risk comprise interest rate swaps and RPI swaps.

The fair values of the interest rate swaps have been determined by reference to prices available from the markets on which the instruments involved are traded.

Financial assets measured at amortised cost comprise financial asset, cash at bank and in hand, trade debtors, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise bank loans and overdrafts, trade creditors, other creditors and accruals.

Historically, the company borrowed funds from its bankers under two tranches of £35,040k and £6,020k, which are repayable in 2033.

To hedge the potential volatility in future interest cash flows arising from movements in LIBOR, the company has entered into floating to fixed interest rate swaps with a nominal value equal to the initial borrowings, the same term as the loans and interest re-pricing dates identical to those of the variable rate loans. These result in the company paying 4.61%, 4.54% and 4.60% per annum, for the Amortising, Bullet and Mezzanine loans (see note 16), respectively, and receiving LIBOR (though cash flows are settled on a net basis). The company pays LIBOR, plus margins of 1.00% and 1.15%, on the Amortising and Bullet loans, respectively, effectively fixing the total interest cost on loans and interest rate swaps at 5.61% per annum on the Amortising loan and 5.69% per annum on the Bullet loans. The Mezzanine swap with a margin of 4.75% has effectively fixed interest rates at 9.35% per annum.

The derivatives are accounted for as a hedge of variable rate interest rate risks, in accordance with FRS 102 and had a negative fair value of £4,794k (2021: £8,083k) at the reporting date. The cash flows arising from the interest rate swaps will continue until their maturity in March 2032, coincidental with the repayment of the term loans. The change in fair value in the period was a decrease of £3,289k (2021: increase of £2,088k), with the ineffective portion of the hedge recognised in the profit and loss and the effective element of the fair value movement recognised within other comprehensive income. The bullet element was over-hedged in previous years, and remains that way following replacement.

12 Financial instruments **(Continued)**

In 2012, the company entered into seven LPA agreement having fixed contractual terms which cause their income to increase with RPI on a yearly basis.

To hedge the potential volatility in future revenue cash flows arising from movements in RPI, the company has entered into RPI swaps with a nominal value below that of the LPA contract but having the same term as the LPA contracts and RPI re-pricing dates identical to those of the LPA contract. These result in the company effectively fixing the inflation on a determined portion of the LPA contract.

The derivatives are accounted for as a hedge of variable rate RPI rate risks, in accordance with FRS 102 and had a negative fair value of £8,107k (2021: £3,354k) at the reporting date. The cash flows arising from the RPI swaps will continue until their maturity in March 2032, coincidental with the LPA contractual terms. The change in fair value in the period was an increase of £4,753k (2021: decrease of £188k), with the entire charge being recognized in other comprehensive income as the swaps were 100% effective hedges.

After the balance sheet date, the company signed agreements with the Lender and SWAP provider to transition the floating interest rates from LIBOR to SONIA. The SONIA rate will be determined five business days before the end of each six month calculation period, the transition commenced on 1st April 2022.

13 Debtors

	2022	2021
Amounts falling due within one year:	**£000**	**£000**
Trade debtors	160	158
Other debtors	2	2
Prepayments and accrued income	53	51
	215	211

	2022	2021
Amounts falling due after more than one year:	**£000**	**£000**
Financial assets	37,230	38,734
Total debtors	37,445	38,945

14 Creditors: amounts falling due within one year

	Notes	2022 £000	2021 £000
Bank loans	16	1,210	1,284
Mezzanine loan notes	16	44	43
Subordinated loan notes	16	138	137
Trade creditors		84	141
Corporation tax		355	226
Other taxation and social security		340	242
Accruals and deferred income		1,046	1,070
		3,217	3,143

15 Creditors: amounts falling due after more than one year

	Notes	2022 £000	2021 £000
Bank loans	16	24,501	25,710
Mezzanine loan notes	16	859	909
Subordinated loan notes	16	2,151	2,267
Cash flow hedge - interest rate and RPI swap	12	12,901	11,437
Accruals and deferred income		409	483
		40,821	40,806

Amounts included above which fall due after five years are as follows:

	2022 £000	2021 £000
Payable by instalments	17,110	18,278
Payable other than by instalments	4,361	4,361
	21,471	22,639

16 Loans and overdrafts

	2022 £000	2021 £000
Bank loans	25,711	26,994
Mezzanine loan notes	903	952
Subordinated loan notes	2,289	2,404
	28,903	30,350
Payable within one year	1,392	1,464
Payable after one year	27,511	28,886

Bank borrowings relate to a Senior Debt Facility granted by Bank of Scotland Plc.

The amounts drawn under the Senior Debt Facility are repayable on an agreed repayment profile commencing on 31 March 2006 and ending on 31 March 2032, together with bullet instalments totalling £4,361,000 payable on 31 March 2032.

The company has entered into an interest rate swap agreement whereby it pays a fixed rate of 4.61% per annum in respect of amounts drawn under the Amortising Senior Debt Facility, and receives LIBOR. The company has also entered into an interest rate swap agreement whereby it pays a fixed rate of 4.54% per annum in respect of amounts drawn under the Bullet Senior Debt Facility, and receives LIBOR. The company has also entered into an interest rate swap agreement whereby it pays a fixed rate of 4.60% per annum in respect of amounts drawn under the Mezzanine Debt Facility. The swaps expire on 31 March 2032.

The Senior Debt Facility is secured by a first floating charge over the assets of the company under a debenture agreement and a floating charge over the other assets both current and future.

Issue costs of the debt have been offset against the bank loan and will be amortised over the duration of the facilities.

The subordinated loan notes carry a coupon of 12%, and are repayable in pre-determined semi-annual instalments commencing on 30 September 2006 and ending on 31 March 2032. The loans are unsecured.

The mezzanine loan notes carry a coupon of LIBOR plus 4.75%, and are repayable in pre-determined semi-annual instalments commencing on 30 September 2006 and ending on 31 March 2032. The aforementioned swap on the Mezzanine Debt Facility means the effective interest paid on this loan is 9.35%. The mezzanine debt is secured by a second floating charge over the assets of the company under a debenture agreement.

17 Deferred taxation

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

Balances:	Liabilities 2022 £000	Liabilities 2021 £000
Accelerated capital allowances	2,896	2,259
UK property business losses	(3,225)	-
Cash flow hedge reserve	-	(2,192)
	(329)	67

Movements in the year:	2022 £000
Liability at 1 April 2021	67
Credit to profit or loss	(30)
Credit to other comprehensive income	(366)
Asset at 31 March 2022	(329)

18 Share capital

Ordinary share capital	2022 Number	2021 Number	2022 £000	2021 £000
Issued and fully paid				
Ordinary share of £1 each	1	1	-	-
	1	1	-	-

19 Related party transactions

The following companies, together with undertakings within their individual Groups of companies, are considered to be related parties to the company during the year:

- Community Health Partnerships Limited
- Primary Plus Holdings Limited

Services provided during the year amounted to £6,550k (2021: £5,584k) to Community Health Partnerships Limited. At the balance sheet date, amounts of £157k (2021: £158k) are due from Community Health Partnerships Limited.

Interest charged during the year amounted to £131k (2021: £138k) and £197k (2021: £208k), receivable from Community Health Partnerships Limited and Primary Plus Holdings Limited respectively.

At the balance sheet date, amounts of £1,351k (2021: £1,419k) and £2,026k (2021: £2,129k) in respect of the loan balance were due to Community Health Partnerships Limited and Primary Plus Holdings Limited respectively.

20 Ultimate controlling party

The company is a wholly owned subsidiary of North Nottinghamshire LIFT (Midco) Limited, which is a wholly owned subsidiary of North Nottinghamshire LIFT Company Limited. Both of these companies are registered in England and Wales.

North Nottinghamshire LIFT Company Limited is owned by Primary Plus Holdings limited (60%) and Community Health Partnerships Limited (40%), both of which are registered in England and Wales.

The directors are of the opinion that there is no ultimate parent undertaking or controlling party by virtue of the company's joint ownership and control.