Registered number: 05282289

PINCO 2223 LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

PINCO 2223 LIMITED

COMPANY INFORMATION

Directors	JP Hartley A Muir AJC Rose (appointed 10 October 2022) LA McGregor RM Parr (resigned 6 October 2022) RT Massey (appointed 16 March 2023)
Registered number	05282289
Registered office	Sceptre House Sceptre Way Bamber Bridge Preston PR5 6AW
INDEPENDENT AUDITOR	RSM UK Audit LLP Bluebell House Brian Johnson Way Preston PR2 5PE

PINCO 2223 LIMITED

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DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

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

Principal activity

The principal activity of the company in the year under review was that of a Local Improvement Finance Trust ("LIFT") formed under the government LIFT initiative to develop and manage primary healthcare and associated facilities.

The directors' report has been prepared in accordance with the provisions applicable to small companies.

Business review

The results for the year and financial position of the company are as shown in the financial statements on pages 8 and 9.

The directors have reviewed the future trading forecasts and cashflow forecast factoring the repayment of bank and subordinated debt and have assessed the company will have sufficient available funds to meet all liabilities as they fall due. On this basis the directors continue to adopt the going concern basis in the preparation of the accounts.

Results and dividends

The profit for the year, after taxation, amounted to £1,131,649 *(2021 - £597,557)*.

No dividends will be distributed for the year ended 31 December 2022 *(2021: £nil)*.

Directors

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

RT Massey (appointed 16 March 2023)
JP Hartley
A Muir
AJC Rose (appointed 10 October 2022)
LA McGregor
RM Parr (resigned 6 October 2022)

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Auditor

The auditor, RSM UK Audit LLP, will be proposed for reappointment in accordance with section 487 of the Companies Act 2006.

This report was approved by the board on 30 June 2023 and signed on its behalf.

JP Hartley
Director

Sceptre House
Sceptre Way
Bamber Bridge
Preston
PR5 6AW

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022

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 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 judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis of accounting 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 to enable them to ensure that the 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PINCO 2223 LIMITED

Opinion

We have audited the financial statements of Pinco 2223 Limited (the 'Company') for the year ended 31 December 2022, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes, including 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 December 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 United Kingdom, including the Financial Reporting Council'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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PINCO 2223 LIMITED (CONTINUED)

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 in 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception

In the light of 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 in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PINCO 2223 LIMITED (CONTINUED)

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from internal/external tax advisors.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to any significant, unusual transactions and transactions entered into outside the normal course of business.

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

Use of our report

This report is made solely to the Company's members 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 for our audit work, for this report, or for the opinions we have formed.

Ian Taylor

Ian Taylor (Senior statutory auditor)

for and on behalf of
RSM UK Audit LLP

Bluebell House
Brian Johnson Way
Preston
PR2 5PE

30 June 2023

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £	*2021* *£*
Turnover	3	**3,589,377**	*3,449,172*
Cost of sales		**(699,055)**	*(704,432)*
Gross profit		**2,890,322**	*2,744,740*
Administrative expenses		**(459,737)**	*(490,006)*
Operating profit	4	**2,430,585**	*2,254,734*
Interest receivable and similar income	6	**10,367**	*452*
Interest payable and similar expenses	7	**(1,011,255)**	*(1,060,627)*
Profit before tax		**1,429,697**	*1,194,559*
Tax on profit	8	**(298,048)**	*(597,002)*
Profit for the financial year		**1,131,649**	*597,557*
Other comprehensive income/(loss) for the year			
Fair value adjustment in respect of financial instruments		**1,197,226**	*(734,206)*
Movement of deferred tax relating to financial instruments		**(299,306)**	*577,140*
Other comprehensive income/(loss) for the year		**897,920**	*(157,066)*
Total comprehensive income for the year		**2,029,569**	*440,491*

The notes on pages 11 to 22 form part of these financial statements.

PINCO 2223 LIMITED
REGISTERED NUMBER: 05282289

BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note		2022 £		2021 £
Fixed assets					
Tangible assets	9		**18,504,890**		*18,741,403*
			18,504,890		*18,741,403*
Current assets					
Debtors: amounts falling due within one year	10	**139,022**		*430,450*	
Cash at bank and in hand		**5,118,848**		*4,647,038*	
		5,257,870		*5,077,488*	
Creditors: amounts falling due within one year	11	**(1,590,424)**		*(1,450,147)*	
Net current assets			**3,667,446**		*3,627,341*
Total assets less current liabilities			**22,172,336**		*22,368,744*
Creditors: amounts falling due after more than one year	12		**(19,790,984)**		*(22,016,961)*
Net assets			**2,381,352**		*351,783*
Capital and reserves					
Called up share capital	15		**1**		*1*
Profit and loss account			**2,381,351**		*351,782*
Shareholders' surplus			**2,381,352**		*351,783*

The financial statements were approved and authorised for issue by the board and were signed on its behalf by 30 June 2023.

JP Hartley
Director

The notes on pages 11 to 22 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
YEAR ENDING 31 DECEMBER 2022

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2022	1	351,782	351,783
Comprehensive income for the year			
Profit for the year	-	1,131,649	1,131,649
Movement of deferred tax relating to financial instruments	-	(299,306)	(299,306)
Fair value adjustments of financial instruments	-	1,197,226	1,197,226
Other comprehensive income for the year	-	897,920	897,920
Total comprehensive income for the year	-	2,029,569	2,029,569
At 31 December 2022	1	2,381,351	2,381,352

The notes on pages 11 to 22 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
YEAR ENDING 31 DECEMBER 2021

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2021	1	(88,709)	(88,708)
Comprehensive income for the year			
Profit for the year	-	597,557	597,557
Movement of deferred tax relating to financial instruments	-	577,140	577,140
Fair value adjustments of financial instruments	-	(734,206)	(734,206)
Other comprehensive loss for the year	-	(157,066)	(157,066)
Total comprehensive income for the year	-	440,491	440,491
At 31 December 2021	1	351,782	351,783

The notes on pages 11 to 22 form part of these financial statements.

1. Accounting policies

1.1 Basis of preparation of financial statements

Pinco 2223 Limited (the "Company") is a private company limited by shares and incorporated and domiciled in England and Wales. The financial statements are presented in sterling.

The financial statements have been prepared under the historical cost convention except for financial instruments that are stated at fair value and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

1.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A.

This information is included in the consolidated financial statements of East Lancashire Building Partnership Limited as at 31 December 2022 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ. The company is a qualifying entity.

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

The Company proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

1.3 Going concern

The directors have reviewed the future trading forecasts and cashflow forecast and have assessed the company will have sufficient available funds to meet all liabilities as they fall due. On this basis, the directors continue to adopt the going concern basis in the preparation of the accounts.

1.4 Turnover

Turnover is stated net of VAT and represents the value of services supplied during the year. Turnover is derived from the provision of serviced healthcare facilities in East Lancashire.

1. Accounting policies (continued)

1.5 Interest income

Interest income is recognised in the statement of comprehensive income using the effective interest method.

1.6 Finance costs

Finance costs are charged to the statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1.7 Borrowing costs

All borrowing costs are recognised in the statement of comprehensive income in the year in which they are incurred.

1.8 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

1. Accounting policies (continued)

1.9 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets an estimate of the capital element of the lifecycle maintenance costs as incurred. The costs are depreciated over the remaining useful life of the property.

Depreciation is provided on the following basis:

Freehold property	-	4%	straight line after deducting residual value
Life cycle additions	-		straight line over the remaining life of the property

1.10 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank and subordinated loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.12 Hedge accounting

The Company has entered into variable to fixed rate interest swaps and retail price index swaps to manage its exposure to interest rate cash flow risk on its variable rate debt and inflation. These derivatives are measured at fair value at each balance sheet date. To the extent the hedge is effective, movements in fair value are recognised in other comprehensive income. Any ineffective portions of those movements are recognised in profit or loss for the period.

2. Judgements in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

Management have reviewed future trading and cashflow forecasts and consider that the company will have sufficient funds to meet all liabilities as they fall due.

The original freehold property has an estimated useful life of 25 years, and is written off on a straight line basis based on the historical cost less the estimated residual value.

Financial instruments are recognised at fair value in the accounts. Management estimate the fair value of the financial instruments with reference to third party valuations provided by the issuing party and relevant external information in respect of the instrument.

3. Turnover

An analysis of turnover by class of business is as follows:

	2022	*2021*
	£	*£*
Provision of serviced healthcare facilities	**3,589,377**	*3,449,172*
	3,589,377	*3,449,172*

All turnover arose within the United Kingdom.

4. Expenses and auditor's remuneration

Operating profit is stated after charging:

	2022	*2021*
	£	*£*
Depreciation	**452,842**	*430,762*
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	**5,800**	*5,075*

5. Employees

The Company has no employees other than the directors, who did not receive any remuneration *(2021 - £NIL)*.

Directors' emoluments for services to the company are borne by other entities. An appropriate allocation of their remuneration for services to this company would be £5,000 (2021: £5,000). No recharge for these services is recognised in the financial statements.

6. Interest receivable and similar income

	2022 £	*2021 £*
Bank interest receivable	**10,367**	*452*
	10,367	*452*

7. Interest payable and similar expenses

	2022 £	*2021 £*
Bank interest payable	**828,977**	*867,329*
Other loan interest payable	**182,278**	*193,298*
	1,011,255	*1,060,627*

8. Taxation

	2022 £	*2021 £*
Corporation tax		
Current tax on profits for the year	**318,861**	*271,906*
Deferred tax		
Origination and reversal of timing differences	**(15,818)**	*(16,239)*
Impact of change in tax rates on deferred tax balances	**(4,995)**	*341,335*
Total deferred tax	**(20,813)**	*325,096*
Taxation on profit on ordinary activities	**298,048**	*597,002*

8. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than *(2021 - higher than)* the standard rate of corporation tax in the UK of 19% *(2021 - 19%)*. The differences are explained below:

	2022 £	*2021* *£*
Profit on ordinary activities before tax	**1,429,697**	*1,194,559*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	**271,642**	*226,966*
Effects of:		
Impact of change in tax rates on deferred tax balances	**(4,995)**	*337,438*
Fixed asset differences	**31,401**	*32,598*
Total tax charge for the year	**298,048**	*597,002*

Factors that may affect future tax charges

The standard rate of tax applied to reported profit on ordinary activities is 19% (2021: 19%). The Finance Act 2021 which was substantively enacted on 24 May 2021 created a 25% main rate, 19% small profits rate and a marginal rate which is effective from 1 April 2023. Deferred tax has been calculated at 25% which is the rate that the deferred tax assets are expected to crystalise.

9. Tangible fixed assets

	Freehold property £
Cost	
At 1 January 2022	**24,993,077**
Additions	**216,329**
At 31 December 2022	**25,209,406**
Depreciation	
At 1 January 2022	**6,251,674**
Charge for the year on owned assets	**452,842**
At 31 December 2022	**6,704,516**
Net book value	
At 31 December 2022	**18,504,890**
At 31 December 2021	*18,741,403*

10. Debtors

	2022 £	*2021* *£*
Prepayments and accrued income	-	*12,935*
Deferred taxation (see note 14)	**139,022**	*417,515*
	139,022	*430,450*

11. Creditors: Amounts falling due within one year

	2022 £	*2021* *£*
Bank loans	**915,670**	*802,500*
Subordinated loans	**114,887**	*88,597*
Trade creditors	-	*4,800*
Amounts owed to group undertakings	**201,457**	*183,615*
Corporation tax	**22,092**	*53,348*
Accruals and deferred income	**336,318**	*317,287*
	1,590,424	*1,450,147*

The amounts owed to group undertakings are interest free and repayable on demand.

12. Creditors: Amounts falling due after more than one year

	2022 £	*2021* *£*
Bank loans	**12,388,895**	*13,302,758*
Subordinated loans	**1,305,304**	*1,420,192*
Financial instruments	**6,096,785**	*7,294,011*
	19,790,984	*22,016,961*

Loans

The bank loans are secured by fixed and floating charge over all company assets. Interest has historically been charged at 0.9% above LIBOR. During 2022 and going forward, LIBOR has been replaced by SONIA with all remaining commercial terms unchanged. These are hedged by fixed rate swap agreements at 5.03%. The unsecured subordinated debt is due to the parent companies and interest is payable at a fixed rate of 12.5%. The bank loan and subordinated debt are both repayable by instalments and mature in 2031.

Financial instruments

To hedge the potential volatility in future cash flows arising from movements in SONIA and from movements in inflation, the company has entered into swap agreements with the Royal Bank of Scotland. The interest rate swaps result in the company effectively fixing the total costs on loans and interest rate swaps at the underlying interest rate. The RPI swaps result in the company receiving or paying amounts based on the difference of actual RPI and the instrument's notional RPI. The fair value of the swaps are:

	Notional amount £	Maturity year £	Fixed rate £	Fair value 2022 £	*Fair value 2021* *£*
Interest rate swap	**13,304,554**	**2031**	**5.03%**	**585,912**	*3,282,109*
RPI swap	**1,446,000**	**2033**	**2.720%**	**5,510,873**	*4,011,902*

The derivatives are accounted for as a hedge of variable interest rate risks and inflation risks, in accordance with FRS 102. The cash flows arising from the interest rate and RPI swaps will continue until their maturity, coinciding with the repayment of the loans or associated RPI income streams respectively.

The change in fair value in the period is recognised in other comprehensive income as the swaps were 100% effective hedges.

13. Loans

Analysis of the maturity of loans is given below:

	2022 £	2021 £
Amounts falling due within one year		
Bank loans	**915,670**	*802,500*
Subordinated loans	**114,887**	*88,597*
	1,030,557	*891,097*
Amounts falling due 1-2 years		
Bank loans	**1,101,619**	*915,670*
Subordinated loans	**110,539**	*114,887*
	1,212,158	*1,030,557*
Amounts falling due 2-5 years		
Bank loans	**3,512,034**	*3,387,594*
Subordinated loans	**333,097**	*351,674*
	3,845,131	*3,739,268*
Amounts falling due after more than 5 years		
Bank loans	**7,775,242**	*8,999,494*
Subordinated loans	**861,668**	*953,631*
	8,636,910	*9,953,125*
	14,724,756	*15,614,047*

14. Deferred taxation

	2022
	£
At beginning of year	417,515
Credited to the profit or loss	20,813
Charged to other comprehensive income	(299,306)
At end of year	**139,022**

The deferred tax asset is made up as follows:

	2022	*2021*
	£	*£*
Accelerated capital allowances	**(1,385,174)**	*(1,405,988)*
Short term timing differences - swaps	**1,524,196**	*1,823,503*
	139,022	*417,515*

15. Share capital

	2022	*2021*
	£	*£*
Allotted, called up and fully paid		
1 *(2021 - 1)* Ordinary share of £1.00	1	*1*

16. Related party transactions

Eric Wright FM Limited

During the year the company received property management services from Eric Wright FM Limited, a company in which Eric Wright Group Limited has an interest. Eric Wright Group Limited has a 60% shareholding in the parent company of Pinco 2223 Limited. Services totalling £625,032 *(2021:* £634,140) were received from Eric Wright FM Limited in the year. An amount of £nil (*2021:* £nil) was owed to Eric Wright FM Limited as at 31 December 2022.

Eric Wright Partnerships Limited

During the year the company received management services from Eric Wright Partnerships Limited, a company in which Eric Wright Group Limited has an interest. Eric Wright Group Limited has a 60% shareholding in the parent company of Pinco 2223 Limited. Services totalling £91,092 (*2021: £85,539)* were received from Eric Wright Partnerships Limited in the year. An amount of £nil *(2021: £nil)* was owed to Eric Wright Partnerships Limited as at 31 December 2022.

Community Health Partnerships

During the year the company charged rent and property management costs to Community Health Partnerships (CHP). CHP has a 40% shareholding in the parent company of Pinco 2223 Limited. Charges for rent and property management costs in the year totalled £3,707,033 *(2021: £3,481,031*). An amount of £nil (*2021:* £nil) was owed by CHP as at 31 December 2022.

The company has taken advantage of the exemption conferred by section 33.1A of FRS 102 allowing it not to disclose transactions and balances with other wholly owned subsidiaries of East Lancashire Building Partnership Limited.

17. Controlling party

The company is a subsidiary undertaking of East Lancashire Building Partnership Limited. East Lancashire Building Partnership Limited is a joint venture between Eric Wright Group Limited and Community Health Partnerships therefore there is no controlling party over East Lancashire Building Partnership Limited.

The largest and smallest group in which the results of the company are consolidated is that headed by East Lancashire Building Partnership Limited, Sceptre House, Sceptre Way, Bamber Bridge, Preston, PR5 6AW. The consolidated financial statements of East Lancashire Building Partnership Limited are available to the public and may be obtained from Companies House, Crown Way, Cardiff.