REGISTERED NUMBER: 06523286 (England and Wales)

Report of the Directors and

Consolidated Financial Statements

for the Year Ended 31 March 2024

for

Kent PFI Holdings Company 1 Limited

Kent PFI Holdings Company 1 Limited

Contents of the Consolidated Financial Statements for the year ended 31 March 2024

Kent PFI Holdings Company 1 Limited

Company Information
for the year ended 31 March 2024

DIRECTORS:	J A Hansen J L Lee K Savjani J G Du Plessis
REGISTERED OFFICE:	3 More London Riverside London SE1 2AQ
REGISTERED NUMBER:	06523286 (England and Wales)
AUDITOR:	Forvis Mazars LLP 6 Dominus Way Meridian Business Park Leicester LE19 1RP

Kent PFI Holdings Company 1 Limited

Report of the Directors
for the year ended 31 March 2024

The directors present their report with the financial statements of the company and the group for the year ended 31 March 2024. The Directors' Report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

PRINCIPAL ACTIVITY
The principal activity is that of a holding company with a single subsidiary, Kent PFI Company 1 Limited.

The principal activity of Kent PFI Company 1 Limited is the provision of construction and maintenance services to three secondary schools for pupils across Kent under a PFI contract signed in October 2008. The schools are Thamesview School, Northfleet Technical College and St John's Catholic Comprehensive School. The operational phase started in July 2010 with the contract expiring on 31 August 2039.

REVIEW OF BUSINESS
The directors consider the performance of the group and company during the year, the financial position at the end of the year and its prospects for the future to be satisfactory.

The consolidated statement of comprehensive income is set out on page 8 and shows a profit on ordinary activities before taxation of £702,000 (2023: £448,000).

DIVIDEND
The directors authorised payment of an interim dividend of £330,000 (2023: £320,000).

DIRECTORS
The directors shown below have held office during the whole of the period from 1 April 2023 to the date of this report, unless otherwise stated.

J A Hansen
J L Lee
K Savjani

Other changes in directors holding offices are as follows:

J P Marsh – resigned 14 April 2023
J G Du Plessis – appointed 14 April 2023

PRINCIPAL RISKS AND UNCERTAINTIES
The management of the business and the execution of the group's strategy are subject to a number of risks. The key business risks affecting the group are considered to relate to cash flow management, facility management compliance and review of the insurance cover and lifecycle profile. The group is exposed to inflation risk as some of its operational costs are RPI linked. This risk is mitigated as an element of the group's availability income is also linked to RPI. The board formally reviews risks and appropriate processes are put in place to mitigate them.

GOING CONCERN
The group has net liabilities of £758,000 (2023: £1,463,000) which includes the fair value of the interest rate swap of £1,539,000 (2023: £2,216,000) and cash of £3,985,000 (2023: £3,696,000).

The directors have prepared the financial statements on a going concern basis having had regard to the contractual arrangements and financial projections associated with the Kent Building Schools for the Future project. The directors have concluded that the group and company has sufficient cash flows to enable it to meet its liabilities as they fall due.

The directors reviewed the future liquidity requirements and have considered the cash flow forecasts of the group and company. Based on this review and the future business prospects of the group, despite the current economic conditions the directors believe the group will be able to meet its liabilities as they fall due.

Having regards to the above and after enquiries, the directors have a reasonable expectation that the group and company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

POST BALANCE SHEET EVENTS
There have been no material post balance sheet events which would require disclosure or adjustment to these financial statements.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR
The directors who held office at the date of approval of this Report of the Directors confirm that, so far as they are each aware, there is no relevant audit information of which the group's auditor is unaware; and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the group's auditor is aware of that information.

AUDITOR
Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Forvis Mazars LLP will therefore continue in office.

ON BEHALF OF THE BOARD:

K Savjani
K Savjani (Aug 29, 2024 09:24 GMT+1)
....
K Savjani - Director

Date: Aug 29, 2024

Kent PFI Holdings Company 1 Limited

Statement of Directors' Responsibilities
for the year ended 31 March 2024

The Directors are responsible for preparing the Directors' Report and the group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent company 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 group and parent company and of the group's profit or loss of the company for that period. In preparing each of the group and parent company 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 group and parent 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 group or the parent 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 parent company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and to prevent and detect fraud and other irregularities.

Report of the Independent Auditor to the Members of Kent PFI Holdings Company 1 Limited for the year ended 31 March 2024

Opinion

We have audited the financial statements of Kent PFI Holdings Company 1 Limited (the 'parent company') and its subsidiary (the 'group') for the year ended 31 March 2024 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated Statement of Cash Flows, the Consolidated Analysis of Net Debt 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 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 group's and of the parent company's affairs as at 31 March 2024 and of the group's 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 group and the parent 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.

Other matter

Without qualifying our opinion, we draw attention to the accounting policies on page 15 to the financial statements and the fact that the comparative consolidated financial statements was unaudited as the Parent Company was entitled to exemption from preparing consolidated financial statements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's 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 group's and the parent 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 Report of the Directors, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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 light of the knowledge and understanding of the group and the parent company and their 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 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 to prepare a Strategic Report.

Responsibilities of Directors
As explained more fully in the Statement of Directors' Responsibilities statement set out on page 4, 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 group's and the parent 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 group or the parent 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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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.

Based on our understanding of the group and the parent company and their industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: health and safety regulation, anti-bribery, corruption and fraud and money laundering.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the group and the parent company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the group and the parent company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation and the Companies Act 2006.

In addition, we evaluated the Directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, revenue recognition (which we pinpointed to the cut-off assertion), and significant one-off or unusual transactions.

Auditor's responsibilities for the audit of the financial statements - continued

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of 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 auditor's report.

Use of the audit 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.

Ashley Barraclough
Ashley Barraclough (Aug 29, 2024 09:59 GMT+1)

Ashley Barraclough (Senior Statutory Auditor)
for and on behalf of Forvis Mazars LLP
(Chartered Accountants and Statutory Auditor)
6 Dominus Way
Meridian Business Park
Leicester
LE19 1RP

Date: Aug 29, 2024

Kent PFI Holdings Company 1 Limited

Consolidated Statement of Comprehensive Income
for the year ended 31 March 2024

	Notes	2024 £'000	2023 £'000
TURNOVER		**6,026**	4,618
Cost of sales		**(5,545)**	(4,271)
GROSS PROFIT		**481**	347
OPERATING PROFIT	3	**481**	347
Interest receivable and similar income	4	**3,764**	3,812
Interest payable and similar expenses	5	**(3,543)**	(3,711)
PROFIT BEFORE TAXATION		**702**	448
Tax on profit	6	**(175)**	(85)
PROFIT FOR THE FINANCIAL YEAR		**527**	363
OTHER COMPREHENSIVE INCOME			
Change in fair value of cash flow hedge		**677**	7,226
Income tax relating to other comprehensive income		**(169)**	(1,807)
OTHER COMPREHENSIVE INCOME FOR THE YEAR		**508**	5,419
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**1,035**	5,782
Profit attributable to:			
Owners of the Shareholders		**527**	363
Total comprehensive income attributable to :			
Owners of the Shareholders		**1,035**	5,782

The notes form part of these financial statements

Kent PFI Holdings Company 1 Limited (Registered number: 06523286)

Consolidated Statement of Financial Position
31 March 2024

	Notes	2024 £'000	2023 £'000
CURRENT ASSETS			
Debtors: amounts falling due within one year	9	**4,456**	4,141
Debtors: amounts falling due after more than one year	9	**50,365**	53,731
Cash at bank		**3,985**	3,696
		58,806	61,568
CREDITORS			
Amounts falling due within one year	10	**(9,826)**	(9,734)
NET CURRENT ASSETS		**48,890**	51,834
TOTAL ASSETS LESS CURRENT LIABILITIES		**48,890**	51,834
CREDITORS			
Amounts falling due after more than one year	11	**(48,199)**	(51,081)
OTHER FINANCIAL LIABILITIES	13	**(1,539)**	(2,216)
NET LIABILITIES		**(758)**	(1,463)
CAPITAL AND RESERVES			
Called up share capital	14	**10**	10
Cash flow hedging reserve		**(1,155)**	(1,663)
Retained earnings		**387**	190
SHAREHOLDERS' DEFECIT		**(758)**	(1,463)

The financial statements were approved by the Board of Directors and authorised for issue on Aug 29, 2024 and were signed on its behalf by:

K Savjani
K Savjani (Aug 29, 2024 09:24 GMT+1)
....
K Savjani - Director

The notes form part of these financial statements

Kent PFI Holdings Company 1 Limited (Registered number: 06523286)

Company Statement of Financial Position
31 March 2024

	Notes	2024 £'000	2023 £'000
FIXED ASSETS			
Fixed asset investments	7	**10**	10
CURRENT ASSETS			
Debtors: Amounts falling due within one year	9	**502**	494
Debtors: Amounts falling due after more than one year	9	**6,304**	6,420
CREDITORS			
Amounts falling due within one year	10	**(502)**	(494)
NET CURRENT ASSETS		**6,304**	6,420
TOTAL ASSETS LESS CURRENT LIABILITIES		**6,314**	6,430
CREDITORS			
Amounts falling due after more than one year	11	**(6,304)**	(6,420)
NET ASSETS		**10**	10
CAPITAL AND RESERVES			
Called up share capital	14	**10**	10
Retained earnings		**-**	-
SHAREHOLDERS' FUNDS		**10**	10

The financial statements were approved by the Board of Directors and authorised for issue on Aug 29, 2024 and were signed on its behalf by:

K Savjani
K Savjani (Aug 29, 2024 09:24 GMT+1)
....
K Savjani - Director

Kent PFI Holdings Company 1 Limited

Consolidated Statement of Changes in Equity
for the year ended 31 March 2024

		Called up share capital £'000	Retained earnings £'000	Cash flow hedging reserve £'000	Total equity £'000
Balance at 1 April 2022	Unaudited	10	147	(7,082)	(6,925)
Changes in equity					
Dividends (see note 8)		-	(320)	-	(320)
Total comprehensive income		-	363	5,419	5,782
Balance at 31 March 2023		10	190	(1,663)	(1,463)
Changes in equity					
Dividends (see note 8)		-	(330)	-	(330)
Total comprehensive income		-	527	508	1,035
Balance at 31 March 2024		**10**	**387**	**(1,155)**	**(758)**

Retained earnings
This reserve represents cumulative profits and losses of the group.

Cash flow hedging reserve
This reserve represents cumulative movements on the fair value of the interest rate swap.

The notes form part of these financial statements

Kent PFI Holdings Company 1 Limited

Company Statement of Changes in Equity
for the year ended 31 March 2024

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 April 2022	10	-	10
Changes in equity			
Total comprehensive income	-	320	320
Dividends (see note 8)	-	(320)	(320)
Balance at 31 March 2023	10	-	10
Changes in equity			
Total comprehensive income	-	330	330
Dividends (see note 8)	-	(330)	(330)
Balance at 31 March 2024	**10**	**-**	**10**

Retained earnings
This reserve represents cumulative profits and losses of the company.

Kent PFI Holdings Company 1 Limited

Consolidated Cash Flow Statement
for the year ended 31 March 2024

	Notes	2024 £'000	2023 £'000
Cash flows from operating activities			
Profit before tax		702	448
Deduct interest receivable and similar income	4	(3,764)	(3,812)
Add back interest payable and similar expenses	5	3,543	3,711
Dividend paid		(330)	(320)
Net cash generated from operations		151	27
Decrease in debtors		2,882	2,781
(Decrease)/Increase in creditors		(116)	757
Tax paid		(175)	(85)
Interest paid		(3,502)	(3,660)
Interest received		3,764	3,812
Net cash from operating activities		3,004	3,632
Cash flows from financing activities			
Repayment of bank borrowings	12	(2,611)	(2,581)
Movement in amounts owed to group undertakings	12	(60)	(80)
Movement in amounts owed to participating interests	12	(44)	(59)
Net cash from financing activities		(2,715)	(2,720)
Net increase in cash and cash equivalents		289	912
Cash and cash equivalents at 1 April		3,696	2,784
Cash and cash equivalents at 31 March		3,985	3,696

Kent PFI Holdings Company 1 Limited

Consolidated Analysis of Net Debt
for the year ended 31 March 2024

	1 April 2023 £'000	Cash flows £'000	Non cash movements	31 March 2024 £'000
Cash at bank and in hand	3,696	289	-	3,985
	3,696	**289**	**-**	**3,985**
Bank borrowings: Amounts falling due within one year	(2,568)	(205)	5	(2,768)
Bank borrowings: Amounts falling due after more than one year	(44,661)	2,816	(50)	(41,895)
Amounts owed to group undertakings: Amounts falling due within one year	(60)	(7)	-	(67)
Amounts owed to group undertakings: Amounts falling due after more than one year	(3,724)	68	-	(3,656)
Amounts owed to participating interests: Amounts falling due within one year	(44)	(5)	-	(49)
Amounts owed to participating interests: Amounts falling due after more than one year	(2,696)	48	-	(2,648)
Net debt	**(50,057)**	**3,004**	**(45)**	**(47,098)**

Loans stated here include both the bank loan and the shareholder loan.

Non cash movements include amortisation of capitalised costs in the period.

1. ACCOUNTING POLICIES

Basis of preparing the financial statements
Kent PFI Holdings Company 1 Limited (the "company") is a company limited by shares and incorporated and domiciled in the UK.

These financial statements have been prepared in accordance with Financial Reporting Standard 102 and the Companies Act 2006 for the year ended 31 March 2024. The presentation currency of these financial statements is sterling, which is the functional currency of the company. All amounts in the financial statements have been rounded to the nearest £1,000.

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments.

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

Basis of consolidation
The group accounts consolidate the accounts of Kent PFI Holdings Company 1 Limited and its subsidiary undertaking for the year ended 31 March 2024 using the acquisition method. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal. All inter-company balances, transactions and profits are eliminated on consolidation. No profit and loss account is presented for the Company as permitted by section 408 of the Companies Act 2006. The Company's result for the year was £Nil, (2023: £Nil).

First time consolidation of accounts
As of 31st March 2024, the company has chosen to prepare consolidated financial statements for itself and its subsidiary undertaking.

Going concern
The group had net liabilities of £758,000 as at 31 March 2024 and generated a profit for the year then ended of £527,000. The net liabilities position is caused by the interest rate swap liability, which is a non cash item that does not affect the cashflows of the group and the liability will be unwound over the life of the project.

The directors have prepared cash flow forecasts covering a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the group and company will have sufficient funds to meet its liabilities as they fall due for that period. Those forecasts are dependent on the underlying customer continuing to meet its obligations under the Project Agreement which are underwritten by Kent County Council.

Turnover
Income received in respect of the service concession is allocated between revenue and capital repayment and interest income on the PFI financial asset using the effective interest rate method. Service revenue is recognised as on non-pass-through operating and maintenance costs plus a margin.

Revenue and expenses are recognised on an accruals basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises. Revenue is measured at the fair value of the consideration received, net of discounts and taxes.

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.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

1. ACCOUNTING POLICIES - continued

Interest-bearing loans and borrowings
All interest-bearing loans and borrowings which are basic financial instruments are initially recognised at the present value of the future payments discounted at a market rate of interest for a similar loan. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Short term debtors and creditors
Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Statement of comprehensive income in administrative expenses.

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Group would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Derivative instruments and hedging
Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value.

Derivatives are carried as assets when the fair value is positive and liabilities when the fair value is negative. The fair value of interest rate swap contracts is determined by calculating the present value of the estimated future cashflows based on observable yield curves.

The group used derivative financial instruments in the form of interest rate swaps to reduce its exposure to interest rate fluctuations on the floating rate bank loan. The interest rate swap transitioned from LIBOR to SONIA in the year ended 31 March 2023. Facility Agreements with loan providers were also amended simultaneously to transition from LIBOR to SONIA. As a result, the group is not exposed to any additional risk as a result of the interest rate reform and the loans will remain effectively hedged.

Service concession - financial assets
The group has taken advantage of the exemption contained within 35.10(i) of FRS 102 not to apply 34.12I - 34.16A to its PFI service concession arrangement (the finance debtor). Accordingly the service concession arrangement has continued to be accounted for using the same accounting policies that applied at the date of transition to FRS 102.

Specifically the finance debtor is accounted for as a financial asset at amortised cost using the effective interest rate method, whereby the asset related unitary charge is allocated between repayment of the finance debtor and finance income at the property specific rate.

Interest receivable and interest payable
Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions.

Other interest receivable and similar income include interest receivable on funds invested. Interest income and interest payable are recognised in profit or loss as they accrue. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established.

Cash and Cash equivalents
Cash and Cash equivalents comprise cash balances.

The Group is obligated to keep a separate cash reserve in respect of future maintenance costs. This restricted cash balance, which is shown on the balance sheet within the "cash at bank" balance , amounts to £3,465,000 at the year end (2023: £2,807,000).

Judgements and key sources of estimation uncertainty
The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial year are as follows:

1. **ACCOUNTING POLICIES - continued**

Key sources of estimation uncertainty
Income derived from the PFI contracts is allocated between the provision of the asset via finance income and the provision of subsequent services via revenue.

Financial Asset Interest Rate
The financial asset interest income is based on the weighted average cost of capital of the project and is applied to the carrying value of the Financial Asset on a quarterly basis.

Service Margin
Operating costs are recognised on an accruals basis and the revenue receivable is recognised on an accruals basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises.

Fair value of interest rate swaps
The fair value of interest rate swaps is determined by reference to mark-to-market valuations provided periodically by the senior lender.

Critical judgements
Concession arrangements - The concession arrangements undertaken by the group are considered to fall within the scope of section 34 of FRS 102 "Specialised Activities", as described in the finance debtor and service income accounting note. This judgement has been based on a consideration of the nature and terms of the arrangement.

2. **EMPLOYEES AND DIRECTORS**

There were no employees during the year (2023: none). The directors have no contract of service with the group (2023: none).

3. **OPERATING PROFIT**

The following costs were incurred during the year:

	2024 £'000	2023 £'000
Auditor's remuneration - audit of these financial statements	14	11

4. **INTEREST RECEIVABLE AND SIMILAR INCOME**

	2024 £'000	2023 £'000
Deposit account interest	225	82
Finance debtor interest	3,539	3,730
	3,764	3,812

5. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	2024 £'000	2023 £'000
Bank borrowings	2,767	2,924
Amounts owed to group undertakings	450	456
Amounts owed to participating interests	326	331
	3,543	3,711

6. TAXATION

Analysis of the tax charge
The tax charge on the profit for the year was as follows:

	2024	2023
	£'000	£'000
Current tax:		
UK corporation tax	175	85
Tax on profit	175	85

UK corporation tax was charged at 25% in 2024 (2023: 19%).

Reconciliation of total tax charge included in profit and loss
The tax assessed for the year is the same as (2023: the same as) the standard rate of corporation tax in the UK.

	2024	2023
	£'000	£'000
Profit before tax	702	448
Profit multiplied by the standard rate of corporation tax in the UK of 25% (2023 – 19%)	175	85
Total tax charge	175	85

Tax effects relating to effects of other comprehensive income

	Gross	2023 Tax	Net
	£'000	**£'000**	**£'000**
Change in fair value of cash flow hedge	677	(169)	508

	Gross	2022 Tax	Net
	£'000	£'000	£'000
Change in fair value of cash flow hedge	7,226	(1,807)	5,419

Factors affecting the tax charges in future years
An increase in the UK corporation tax rate from 19% to 25% (effective from 1 April 2023) was substantively enacted on 24 May 2021, and the UK deferred tax asset as at 31 March 2024 has been calculated based on this rate. This will have a consequential effect on the company's future tax charge.

7. FIXED ASSET INVESTMENTS

Company	**Interest in subsidiary undertaking £'000**
COST	
At 1 April 2023 and 31 March 2024	10
NET BOOK VALUE	
At 31 March 2024	10
At 31 March 2023	10

Shares in subsidiary undertaking represent a holding of 100% of the ordinary share capital of Kent PFI Company 1 Limited. This company is incorporated in the United Kingdom, registered at 3 More London Riverside, London, SE1 2AQ and its sole purpose is the design, build, maintenance and operation of a series of schools in the Kent area.

8. DIVIDENDS

	2024 £'000	2023 £'000
Ordinary shares of £1 each		
Interim	330	320

9. DEBTORS

Amounts falling due within one year

	Group 2024 £'000	Group 2023 £'000	Company 2024 £'000	Company 2023 £'000
Amounts owed by subsidiary undertakings	-	-	502	494
Amounts receivable in respect of financial assets	3,300	3,096	-	-
Trade debtors	4	35	-	-
Corporation tax	-	3		
Prepayments and accrued income	1,152	1,007	-	-
	4,456	4,141	502	494

Amounts falling due after more than one year

	Group 2024 £'000	Group 2023 £'000	Company 2024 £'000	Company 2023 £'000
Amounts owed by subsidiary undertakings	-	-	6,304	6,420
Amounts receivable in respect of financial assets	49,980	53,177	-	-
Deferred tax	385	554	-	-
	50,365	53,731	6,304	6,420

Deferred tax asset consists of:

	Group 2024 £'000	Group 2023 £'000
Fair value of cash flow hedge	385	554

	2023 £'000
Balance at 1 April 2023	554
Movement in other comprehensive income	(169)
As at 31 March 2024	385

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2024 £'000	2023 £'000	Company 2024 £'000	2023 £'000
Bank loans and overdrafts (see note 12)	**2,768**	2,568	**-**	-
Amounts owed to group undertakings (see note 12)	**291**	287	**291**	287
Amounts owed to participating interests (see note 12)	**211**	207	**211**	207
Corporation tax	**47**	-	**-**	-
Trade creditors	**88**	740	**-**	-
Accruals and deferred income	**6,421**	5,932	**-**	-
	9,826	9,734	**502**	494

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2024 £'000	2023 £'000	Company 2024 £'000	2023 £'000
Bank loans(see note 12)	**41,895**	44,661	**-**	-
Amounts owed to group undertakings (see note 12)	**3,656**	3,724	**3,656**	3,724
Amounts owed to participating interest (see note 12)	**2,648**	2,696	**2,648**	2,696
	48,199	51,081	**6,304**	6,420

12. LOANS

An analysis of the maturity of the bank loan is given below:

	Group 2024 £'000	2023 £'000	Company 2024 £'000	2023 £'000
Repayment schedule of the bank loan:				
Wholly repayable within five years	**14,518**	14,101	**-**	-
Not wholly repayable within five years	**30,473**	33,501	**-**	-
	44,991	47,602	**-**	-

As at 31 March 2024, £44,991,000 (2023: £47,602,000) has been drawn, comprising the senior term loan. Loan issue costs in respect of this facility have been deducted from the gross proceeds of the bank borrowings and an effective interest rate is used to calculate finance costs in accordance with the provisions of Section 11 of FRS 102. There was an effective interest rate adjustment of £328,000 (2023: £373,000) on these loans outstanding at the year end.

The senior debt repayments commenced on the 31 March 2011 and the debt is repayable at six monthly intervals with the final repayment being due on the 2 February 2035. Interest is charged on amounts drawn under the facilities based on floating SONIA. The Group transitioned form LIBOR to SONIA during the year as a direct consequence of interest rate benchmark reform. The new basis for determining the contractual cashflows is economically equivalent to the basis immediately preceding the change The company has entered into interest hedging agreements to be applied to the expected future borrowings under the variable rate debt facilities. The hedging agreements in respect of these loans fix the interest rate at 4.585% until 2 February 2035. They are also secured by way of a floating charge over the whole of the charged assets being the whole of the property (including uncalled capital) which is or may be from time to time comprised in the property and undertaking of the charger.

12. **LOANS - continued**

Amounts owed to group undertakings consists of:

	Group		Company	
	2024	2023	**2024**	2023
	£'000	£'000	**£'000**	£'000
Wholly repayable within five years	**135**	334	**135**	334
Not wholly repayable within five years	**3,589**	3,450	**3,589**	3,450
	3,724	3,784	**3,724**	3,784

Amounts owed to group undertakings comprise loan stock of £3,724,000 (2023: £3,784,000) from Building Schools for the Future Limited. These borrowings bear interest at 12% per annum and are repayable in semi-annual instalments on or before 30 September 2035. There was £224,000 (2023: £227,000) of accrued interest on these loans outstanding at the year end.

Amounts owed to participating interests consists of:

	Group		Company	
	2024	2023	**2024**	2023
	£'000	£'000	**£'000**	£'000
Wholly repayable within five years	**98**	242	**98**	242
Not wholly repayable within five years	**2,598**	2,498	**2,598**	2,498
	2,696	2,740	**2,696**	2,740

Amounts owed to group undertakings comprise loan stock of £2,696,000 (2023: £2,740,000) from Kent County Council. These borrowings bear interest at 12% per annum and are repayable in semi-annual instalments on or before 30 September 2035. There was £162,000 (2023: £163,000) of accrued interest on these loans outstanding at the year end.

13. **OTHER FINANCIAL LIABILITIES**

	2024	2023
	£'000	£'000
Swap liability	**1,539**	2,216

	Swap Liability
	£'000
Balance at 1 April 2023	**2,216**
Gain to Statement of Comprehensive Income during the year	**(677)**
Balance at 31 March 2024	**1,539**

Interest rate swaps are valued at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

The interest rate swap settles on a bi-annual basis ending on 2 February 2035. The floating rate on the interest rate swap is six months SONIA. The project will settle the difference between the fixed and floating interest rate on a net basis.

The fair value of these financial instruments at 31 March 2024 was a liability of £1,539,000 (2023: £2,216,000). A gain of £667,000 (2023: gain of £7,226,000) was recognised in other comprehensive income and gains of £nil (2023: gains of £nil) in excess of the fair value of the hedging instruments over the change in the fair value of expected cash flows were recognised in profit or loss. £nil (2023: £nil) was reclassified to profit or loss for the period.

14. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2024 £	2023 £
10,000	Ordinary	1	**10,000**	10,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

15. ULTIMATE CONTROLLING PARTY

The directors regard Building Schools for the Future Investments LLP, an entity incorporated in England and Wales as the immediate parent undertaking and controlling party and International Public Partnerships Limited a company registered in Guernsey as the ultimate parent undertaking and controlling party.

16. RELATED PARTIES

The Group has a loan of £3,724,000 (2023: £3,784,000) due to Building Schools for the Future LLP, a entity owning 58% of the group. The details of this loan has been detailed in Note 12.

The Group has a loan of £2,696,000 (2023: £2,740,000) due to Kent County Council, a entity owning 42% of the group. The details of this loan has been detailed in Note 12.