Portsmouth Water Limited
Preliminary results for the year ended 31 March 2022

Portsmouth Water Limited, a supplier of water to Hampshire and West Sussex, announces its results for the year to 31 March 2022.

Company Number: 2536455

Highlights

Secured planning permission for Havant Thicket, the first new reservoir to be built since the 1980's

Continued strong overall ODI performance with industry leading performance on leakage, interruptions and customer service measures

Best value proposition to customer in the sector through lowest bill and highest standards of customer service

Maintained high standards of service while adapting to changing environment as the UK recovered from the COVID-19 pandemic

Site preparation began on Havant Thicket as programme moves towards construction phase

2022 RoSPA Order of Distinction

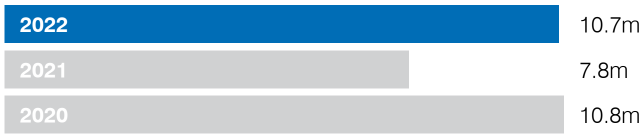
ServiceMark Accredited from May '21 to May '24 The Institute of Customer Service

Turnover

£42.7m

Cash generated from operations

£10.7m



Capital expenditure (additions)

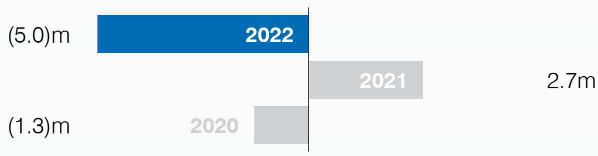
£16.8m

EBITDA[1]

£14.5m

Profit/(loss) before tax

£(5.0)m



[1]Earnings Before Interest, Tax, Depreciation and Amortisation and Exceptional Items.

Chair's Statement

Christopher Deacon
Independent Chair

30 May 2022

I have great pleasure in presenting the Annual Report and Accounts for the second year of the PR19 regulatory cycle. We were pleased to be highlighted as one of the top three companies for service performance for 2020/21 by Ofwat in their Service and Delivery 2020/21 report. We have worked hard to continue our strong performance on leakage, supply interruptions and customer service measures in 2021/22 where we continue to lead the industry. This can only be achieved through the dedication and skill of our staff. I would like to thank them all for their commitment; especially given the additional challenges presented by COVID-19.

Through the development of the Havant Thicket Winter Storage Reservoir (HTWSR) project, we are making a significant long-term investment in the resilience and security of water supply for the South East region as a whole. In the last year we reached a major milestone in securing planning permission and we have commenced tree clearance and enabling works on site. We are now considering the outcomes of procurement of main works contracts in conjunction with Ofwat and Southern Water. Investment in the project in 2021/22 was £5.8m, with total costs to date of £20.2m.

I would like to thank Helen Orton and Mike Coffin for their significant contribution to the success of the business after they stepped down from their roles of Finance and Regulation Director and Chair of Audit Committee in 2021. The Board are pleased to welcome Chris Milner as our new Chief Financial Officer and Dr Lara Stoimenova as our new Non- Executive Director and Chair of the Audit and Risk Committee. In addition to new members of the Board, our CEO, Bob Taylor has strengthened the management team with the recruitment of James Rider as Chief Operating Officer, Matt Hamilton as Chief Customer Officer and Guy Dulake as Chief Information Officer. I believe Portsmouth Water are now well placed to meet the challenges of PR19 and beyond as we look forward to the next periodic review PR24.

Facing the challenges of COVID-19
We have had to adapt our working practices throughout the pandemic to ensure services were delivered for our customers while ensuring the wellbeing of our employees. As we emerge from the pandemic and return to the office it is important that we learn the lessons and ensure we build resilience to cope with future challenges.

We are still witnessing continued impacts of the pandemic on our per capita consumption (PCC). We have continued to observe a 5-10% increase in household consumption as people continue to work from home. While many people are returning to the office we expect to see a permanent shift in working patterns and recognising this Ofwat have deferred assessment of PCC performance commitment to the 2025 while the impacts of the pandemic are considered.

Water resources for the region
We continue to prepare for our key role in supporting the South East Regional Water Resource Plan by progressing the development of the first new reservoir in the UK for over 40 years at Havant Thicket. Working with our customers and stakeholders we have succeeded in gaining planning permission for the reservoir, which is also a stand out asset for wildlife and leisure. In 2021 we commenced enabling work on the site in preparation for the construction phase of the reservoir.

We are in the final stages of procuring major delivery partners for the construction of the reservoir and the associated pipelines and connections necessary to integrate the new asset into our network. Our PR19 determination includes provision for a Cost Adjustment Mechanism to reflect the cost uncertainty associated with planning and procurement. We are seeing upward pressures on costs due to the unprecedented inflation and resource pressures on the construction market and we are in dialogue with Ofwat and Southern Water.

Delivering for our Customers and Communities
Our values of Excellence, Integrity and Respect are deeply rooted and embedded in our company culture. We have always believed that a values-based culture empowers our people to "do the right thing" in delivering our essential services, taking care of our customers and supporting our local communities.

We were ranked 3rd overall in the industry Customer Measure of Experience (C-MeX) for 2021/22, a pleasing result with most our staff working from home during lockdown. Ofwat introduced a new industry measure of developer satisfaction (D-MeX) in the current regulatory period. We continued our strong performance against this measure. At the time of writing, the final D-MeX performance is still to be published but throughout the year we have achieved sector leading performance in the D-MeX satisfaction survey.

We independently assess our customer service through the Institute of Customer Service, and hold the prestigious 'ServiceMark' accreditation. Their annual Business Benchmarking survey gave Portsmouth Water a score of 79.8 compared to utilities average of 74.5 and all sector average of 78.4. This provides strong and independent evidence that our customer service rivals that across all sectors. The survey showed that customers continue to value our service reliability, helpfulness and competence of our staff.

We have been pro-active in supporting our household customers impacted by the COVID-19 pandemic, by offering payment holidays and increasing promotion of our affordable "social tariff"; with the number of customers on this tariff standing at 10,254.

Throughout the year we have continued to work collaboratively with other utilities and support agencies to promote assistance for those with vulnerabilities. We currently have 31,529 customers on our Priority Services Register which represents over 10% of our customer base.

We have beaten our target for mains repairs to our network in 2021/22 having missed our target last year. Our performance was supported by relatively benign weather which results in fewer mains failures, and management of this activity did again not adversely impact our customers, as shown by the interruptions to supply ODI.

We have failed to meet our household usage target for per capita consumption (PCC). As the pandemic has continued to impact our daily lives, so it has continued to affect our household usage patterns. Whilst commercial use has almost returned to pre-pandemic levels, household use remains between 5 and 10% higher – driven by increased working from home.

We have seen a rise in leakage in 2021/22, increasing from 23.6 Ml/d in 2020/21 to 26.9 Ml/d. However we still remain significantly below our target of 31.9 Ml/d and expect to have upper quartile performance within the UK water industry.

Supporting the local communities has been a long-term commitment for Portsmouth Water. We have an established social contract which we call the Community Partnership to outline how we will work in partnership with our local communities. In particular, the whole process of developing and building the HTWSR project will have a community focus – understanding what our communities would like this resource to deliver, involving them in the process and leaving a leisure and wildlife haven as a lasting legacy for all.

Meeting Our Water Quality Regulatory Requirements - "Pure Excellence"

The quality of the water we deliver to our customers is measured by the Drinking Water Inspectorate, using the Compliance Risk Index (CRI) score. We had 9 water quality failures in the calendar year (2020 - 7 failures), which has impacted the CRI score. Unfortunately, this means we are likely to fail our CRI target. The score has mainly been impacted by an issue with Aluminium in our network which we are actively investigating, and control measures have been put in place to ensure the water quality for our customers is not impacted.

Portsmouth Water is blessed with very good raw water quality and relatively simple and robust treatment processes, enabling us to have carried out the same work tasks and process for many years. However, the industry, led by the DWI, have moved on significantly, requiring a detailed risk-based approach to maintaining water quality. DWI audits have identified a need to make improvements in this area and they have issued a Management and Training Legal Notice. The "Water Quality 2020 & Beyond" programme was already established to deliver improvements in this area, but in recognising the importance, we have enhanced our response by creating a company wide change programme called "Pure Excellence".

The Pure Excellence programme responds to the areas of improvement required by the Management and Training Notice including:

- a review of all water supply policies and procedures, document reviews and changes;
- evaluation of roles and responsibilities and competence assessment procedures;
- a review of company training procedures, training records and training programmes to ensure they are up to date; and
- a structured review of the Company's operating standards and implementation of improvements.

Chair's Statement

The programme focusses on delivering cultural change throughout the business to ensure that future processes are in line with DWI expectations.

Our Infrastructure
A high degree of interconnectivity allows us to move water across the area of supply. Multiple water sources further increase resilience to enable the effective management of risks related to the outage of any treatment works or failures to infrastructure. We are never complacent about the importance of resilience and continue to invest in above and below ground assets. This has reduced the impact of variations in household consumption including periods of increased demand over normal averages during and after 'lockdown' periods associated with the COVID-19 pandemic.

During the year we renewed 17km of mains at a cost of £4.0m with a very efficient cost per metre due continued innovation in "no-dig" technology. 84% of all mains were renewed using trenchless techniques, reducing the impact of working in public areas and on the environment. Although outputs were lower than anticipated, two large disinfection projects were delivered totalling £2.0m alongside a £0.8m Reservoir maintenance programme.

Mains Growth (Development Sites) added a further 12km of network mains. Through the development of the HTWSR project, we are making a significant long-term investment in the resilience and security of supply for the South East region as a whole and invested £5.8m during the year with total costs to date of £20.2m.

Our People
The engagement and dedication shown by our staff is the key reason that Portsmouth Water remains one of the best all round performers. In the current difficult circumstances, the commitment of our people has allowed us to respond positively and to deliver high levels of service for our customers.

We have been careful in ensuring that we have changed working practices to follow Government guidelines and keep everyone; employees, customers and contractors, safe. We have also recognised the wider impacts of the pandemic and have implemented an enhanced programme to support the mental health and wellbeing of our people.

Financial Results
Our performance for the year is in line with budget expectations. The results for the year show Earnings Before Interest Tax and Depreciation (before exceptional items) of £14.5m (2021 - £14.1m).

Turnover
Turnover is showing a £0.7m increase from last year at £42.7m (2021 - £42.0m). This year on year increase is a result of the reopening of the Non Household market post COVID-19, with this market accounting for £0.9m of revenue growth. Household customer revenue and Chargeable Work both account for a £0.1m fall in revenue year on year.

Operating Costs
Operating costs for the year totalled £34.2m compared to £34.1m in the previous year. This £0.1m increase is the result of a £2.7m increase in cost of sales, largely attributable to increased activity following the pandemic, offset by a reduction in administrative expenses due to tight cost control.

Interest Payable and Other Finance Income
Total interest payable for the period is £10.1m (2021 - £6.3m) and showed a significant increase, largely relating to the movement in RPI year on year. Other finance income is driven by the net return on the pension scheme asset of £0.448m (2021 - £0.479m).

Capital Expenditure
Capital additions totalled £16.8m in the year (2021 - £17.0m). The capital programme in year has shown slow year on year growth as the impact of COVID-19 has delayed some schemes and caused some resource constraints. The full capital programme for the five year investment cycle to 2025 is still forecast for delivery as planned.

Cash Flow
Cash generated from operations of £10.7m (2021 - £7.8m) is reflective of improved customer cash collections year on year partially offset by prepaid legal fees relating to the refinancing.

Gearing
Gearing is calculated as a ratio of net debt to regulatory capital value.

Gearing for banking covenant purposes is 60.0% (2021 - 55.7%). Gearing as defined by the Ofwat methodology is 73.0% (2021 - 70.3%).

Chair's Statement

Ratios
The Cash Interest Cover Ratio at 2.17 times cover (2021 - 2.04) sits comfortably above the 1.40 covenant level.

Exceptional items
There is one exceptional item has been charged to the Income Statement during the year. During the year we have restructured the terms of the index linked loan with Assured Guaranty. The changes included removal of a sinking fund clause which reduces the costs and risk around refinancing at the end of the term of the loan. An exceptional item of £4.5m has been recognised for the fees associated with the restructuring of the index linked funding.

Financial Performance

The year ended 31 March 2022 was the second year of the current Ofwat regulatory review period. We have made positive progress in delivering against challenging ODI targets while adapting to the continuing challenges of the global COVID-19 pandemic. We have also made significant progress in the development of the Havant Thicket Winter Storage Reservoir (HTWSR).

COVID-19 impacts
We have set out further detailed information relating to our response to the COVID-19 pandemic on page 40 of the Annual Report and Accounts. As the provider of a key public service our overarching objective has remained the provision of high-quality water supplies to our customers whilst closely adhering to Government guidance. We have successfully adapted our ways of working with the vast majority of employees working remotely for the first half of 2021/22. Staff started to gradually return to the office from September 2021 and have adapted to a new hybrid way of working with some staff splitting time between the office and working from home. We have continued to work hard to support customers through this difficult time. We have 31,259 customers on our Priority Service Register which represents 10% of our customer base. We have continued to monitor the financial impacts of COVID-19 but as we emerge from the pandemic we are returning back to our normal levels of activity as our confidence in the recovery increases.

Havant Thicket (HTWSR)
We have made significant progress in the development of the HTWSR and discuss this further on page 29 of the Annual Report and Accounts. In the last year we have been granted planning permission and commenced enabling works on site. We are at the final stages of the procurement process for the main works contract and related pipeline and in detailed discussion with Ofwat and Southern Water.

Ownership structure
The Group is wholly owned by Ancala Partners LLP ("Ancala"). This was effected through Ancala Fornia Holdco Limited, the Group's then ultimate controlling party. Ancala is an independent European midmarket infrastructure investment manager. Ancala is committed to supporting the Company purpose of "Delivering excellence for our customers, our employees, the environment and the communities which we serve". Ancala's ownership is effected through Southern Region Water Holding Limited in Hong Kong. Accordingly, Southern Region Water Holding Limited is the ultimate parent undertaking at the year end date. Further information on the group structure is set out on page 55 of the Annual Report and Accounts.

Financing structure
Since 2002 the Company has largely been financed through a 30 year (to 2032) index linked loan with a base value of £66.5m. This was drawn in 2002, with inflation risks on the cost of the loan linked to the Retail Prices Index (RPI). Interest is charged at a fixed rate of 3.635% on the indexed amount of the loan. The indexed carrying value of the loan at 31 March 2022 was £116.0m (2021 - £111.6m).

During the year we have restructured the terms of the index linked loan with Assured Guaranty. The changes included removal of a sinking fund clause which reduces the costs and risk around refinancing at the end of the term of the loan. The changes also enable us to manage commodity and interest rate risk in the future. An exceptional item of £4.5m has been declared in the accounts for the fees associated with the transaction.

The Group has raised up to an additional £105m of financing over the regulatory period supporting the development of HTWSR and other enhancement capital spend. This was achieved through a combination of revolving credit facilities in Portsmouth Water and our intermediate holding company together with new investor capital. In support of our wider environmental ambition a substantial portion of the new loans are sustainability linked based on a range of existing regulatory targets.

Gearing and liquidity
Gearing is calculated as a ratio of net debt to Regulatory Capital Value ("RCV"). Following the Group financing arrangements, with the inclusion of £24.6m of intercompany loans, for the first time there is a divergence between gearing calculated for banking covenants (which excludes subordinated intercompany debt) and gearing defined by Ofwat which includes subordinated intercompany debt.

Gearing as defined for banking covenant purposes is 60.0% (2021 - 55.7%). Gearing as defined by the Ofwat methodology is 73.0% (2021 - 70.3%). Gearing has been impacted by the growth in RCV of £21m as a result of inflation plus Havant Thicket Winter Storage Reservoir additions. The Group has raised additional financing of up to £105m, primarily to support the development of the new reservoir project. At the year end, £47.1m of this financing had been utilised. The Company also had a revolving credit facility available of £25m, £nil of which was drawn down at the year end. The cash balance at the year end was £25.7m.

Interest Cover
At 31 March 2022 the interest cover ratio, defined by the covenants associated with Company's index linked loan, of 2.17 times (2021 – 2.04 times) remains comfortably above the 1.40 times (at Portsmouth Water level) covenant requirement.

Return on regulatory equity (RoRE)
RoRE, of 6.05% is reflective of the growth in RCV of £21m between FY21 and FY22 (7.18%).

Review of Trading Performance
Operating Profit
Operating profit after exceptional items, at £3.9m, shows a decrease on the prior year of £3.9m. This is as a result of a £4.5m exceptional charge associated with restructuring of index linked debt financing. Operating profit before exceptional items is £8.5m, an increase of £0.6m on the prior year.

Revenue
Turnover of £42.7m (2021 - £42.0m) shows a £0.7m increase from 2021. This increase is due to recovery of the consumption charge generated from Non Household water customers who have required less water whilst COVID-19 lockdown restrictions have been in force. Unmeasured revenue has fallen by £0.2m from 2021 to 2022 as a result of meter optants. Offsetting this is an increase of £0.1m in household measured customer revenue. Chargeable Works – most notably Mains Diversions are broadly in line with 2021.

Operating costs
Operating costs for the year totalled £34.2m compared to £34.1m in the previous year. This £0.1m increase is the result of a £2.7m increase in cost of sales, largely attributable to increased activity following the pandemic, offset by a reduction in administrative expenses due to tight cost control (largely around staff cost saving initiatives and a rigorous capitalisation review).

Exceptional items
There is one exceptional item has been charged to the Income Statement during

Financial Performance

the year. An exceptional item of £4.5m has been declared for the fees associated with the restructuring of the index linked funding. We included an exceptional item of £91k for COVID-19 related bad debt in 2021. Following the recovery from COVID-19 the assessment of risk has now become part of our standard provision policy and is no longer classified as exceptional.

Interest payable and other finance income
Total interest payable for the period is £10.1m (2021 - £6.3m) and showed a significant increase, largely relating to the movement in RPI year on year. Other finance income is driven by the net return on the pension scheme asset of £0.448m (2021 - £0.479m).

Taxation
The tax charge in the period of £1.2m is split between Corporation Tax on the profits of the Company (£0.1m credit) and deferred tax charges (£1.3m). There is no current tax charge relating to 2022 due to the significant loss before tax, the current tax credit relates to restatement of group loss relief. The deferred tax charge includes an increase in the provision relating to the change in corporation tax rate for years commencing 1 April 2022 from 19% to 25%.

Dividends
Dividends are calculated based upon two elements – a return on the equity component of the Regulatory Capital Value (RCV) and a “recirculating” element which permits interest on certain intercompany loans receivable to be serviced. This second element is received by the Company in the form of interest payments and does not result in any net cash outflow.

As part of the Company’s PR19 business plan submission a revised dividend policy was adopted in 2021. This centred upon a base dividend reflecting a 5% return on the average equity RCV for the year. The dividend this year has been updated to reflect a 4% return on the average equity for the RCV to reflect the updated guidance provided with the PR19 Final Determination.

The Board then considers adjustment (upwards or downwards) depending upon the following factors which reflect financial resilience and overall Company performance:

- Overall financial performance of the appointed and non-appointed business;
- The Company’s performance against commitments to customers and stakeholders;
- Demonstrating financeability tests to ensure sufficient liquidity for the medium term and testing the financial viability of the company;
- Recognising Regulatory requirements in particular Licence Condition F.

Following the emergence of the COVID-19 global pandemic in early 2020, the Board confirmed its intention to suspend dividend payments until the full effect was better understood. Accordingly, no final dividend was declared in respect of the year ended 31 March 2020. In March 2021, following careful consideration of the relevant factors, the Board concluded that dividends could be resumed. In reaching this decision the Board also decided to first repay all amounts received by the Company under Government furlough arrangements. Accordingly, final dividends, in respect of the financial year ended 31 March 2020 of £1.7m and in respect of the financial year ended 31 March 2021 of £3.4m, have now been paid in February 2022.

The Board has proposed a dividend of £3.4m for the financial year 2022 which includes £0.5m adjustment for strong performance against the 2021 ODI’s.

Capital investments
Capital investments in the year were £16.8m (2021 - £17.0m). Output was lower than originally forecast due to the impact of COVID-19 on the wider business and some Capital schemes did not progress as a result. However, a catch up programme is in place for the remainder of the AMP period.

Of the £16.8m additions, £5.8m related to the HTWSR project, £1.0m was spent on meter replacement, £0.7m on technological leakage prevention measures and £0.6m on service reservoir inspection and maintenance. As these are long term projects in nature, the majority of this cost remains within Work In Progress and will be capitalised at a later date. Further information on the capital programme is set out in the Engineering Report on pages 34 and 35 of the Annual Report and Accounts.

Mains activity

	2021/22 £m	2020/21 £m
Renewals charged in the income statement	2.4	1.2
Mains capitalised	1.9	1.3
Total mains investments	4.2	2.5

17.5km of mains were renewed, exceeding the target of 15.5km, whilst expenditure remained within target. Good performance in this area was due to innovation in lower and cost and less disruptive “no-dig” technology which made up 84% of all mains renewed for the year. New Mains activity has been lower than average for the year with 10.5km of mains laid on developer sites. This was largely due to reduced developer demand following COVID-19 restrictions and Furlough. At the same time, we have also seen a similar decrease in New Appointments and Variations (“NAV”) activity as well as a decrease in the number of developers choosing to install new mains via ‘self-lay’ organisations.

Capital contributions
The Company receives capital contributions, primarily in connection with new mains for housing developments, which amounted to £0.9m (2021 - £0.8m). In accordance with the requirements of FRS 102 these contributions are deferred and amortised to the Income Statement.

Pensions
The Company is the principal employer of the Brockhampton Pension Scheme, a defined benefit scheme. The latest actuarial valuation as at 31 March 2022 was carried out in accordance with FRS 102 and shows a net pension asset (after asset ceiling restrictions and deferred tax) of £11.0m (2021 - £17.6m).

Cash and cash flow
Cash generated from operations of £10.7m is more than the prior year of £7.8m. This is driven through recovery of collections via continued management of working capital. We resumed dividend payments in the year following deferral due to COVID-19 and paid dividends of £5.1m in the year.

Non Regulated Business
The Non Regulated business accounted for £0.2m operating profit in the year. This was primarily achieved through CON29DW (Drainage and Water) Searches and meter reading services for Non Household retailers, both of which generated £0.2m revenue. Staff costs incurred in delivering Non Regulated activities is the largest cost, at £0.2m.

Income Statement

For the year ended 31 March 2022

	notes	2022 £000	2021 £000
Turnover	3	**42,670**	41,957
Cost of sales		**(25,864)**	(23,214)
Gross profit		**16,806**	18,743
Net operating expenses	4,5	**(8,316)**	(10,866)
Operating profit before loss on disposal of fixed assets and exceptional items		**8,490**	7,877
Loss on disposal of fixed assets	6	**(62)**	(13)
Exceptional items - Financing restructure fees	19	**(4,519)**	-
- Exceptional bad debt provision	16	**-**	(91)
Operating profit after loss on disposal of fixed assets and exceptional items and before interest		**3,909**	7,773
Investment income	7	**686**	803
Other finance income	25	**448**	479
Interest payable and similar charges	8	**(10,073)**	(6,308)
Profit/(loss) on ordinary activities before tax	6	**(5,030)**	2,747
Taxation on profit/(loss) on ordinary activities	9	**(1,186)**	(717)
Profit/(loss) for the financial year		**(6,216)**	2,030

The accompanying notes form part of these financial statements.
The income statement has been prepared on the basis that all operations are continuing.

Statement of Other Comprehensive Income

For the year ended 31 March 2022

	notes	**2022**	2021
		£000	£000
Profit/(loss) for the financial year		**(6,216)**	2,030
Remeasurement of net defined benefit asset	25	**(7,174)**	1,976
Gain/(loss) on deferred tax relating to pension asset	21	**489**	(376)
Total comprehensive profit/(loss) for the year		**(12,901)**	3,630

The accompanying notes form part of these financial statements.

Statement of Financial Position

For the year ended 31 March 2022

	notes	2022 £000	2022 £000	2021 £000	2021 £000
Fixed assets					
Intangible fixed assets	11	**1,575**		1,212	
Investment properties	12	**325**		325	
Tangible fixed assets	13	**172,394**		161,382	
Investments	14	**55,484**		55,484	
			229,778		218,403
Current assets					
Investments	15	**2**		2	
Stock		**575**		446	
Debtors	16	**11,296**		9,036	
Cash at bank and in hand	17	**25,694**		28,377	
		37,567		37,861	
Creditors: Amounts falling due within one year	18	**(37,323)**		(22,082)	
Net current assets			**244**		15,779
Total assets less current liabilities			**230,022**		234,182
Creditors: Amounts falling due after more than one year	19		**(148,155)**		(142,409)
Accruals and deferred income: Capital contributions	20		**(34,737)**		(34,545)
Provisions for liabilities	21		**(9,834)**		(8,529)
Net assets excluding pension asset			**37,296**		48,699
Pension asset	25		**10,996**		17,609
Net assets including pension asset			**48,292**		66,308
Capital and reserves					
Called up share capital	23		**1,078**		1,078
Share premium account	23		**9,382**		9,382
Capital redemption reserve			**3,250**		3,250
Profit and loss account			**34,582**		52,598
Shareholder' funds			**48,292**		66,308

The accompanying notes form part of these financial statements.

The accounts were authorised for issue and approved by the Board on 30 May 2022 and signed on its behalf by

J. C. Milner
Director

Company Number: 2536455

Statement of Changes in Equity

For the year ended 31 March 2022

	Called up share capital £000	Share Premium account £000	Capital redemption reserve £000	Retained earnings £000	Total £000
Balance as at 1 April 2020	1,078	9,382	3,250	50,071	63,781
Profit for the year	-	-	-	2,030	2,030
Remeasurement of net defined benefit asset	-	-	-	1,976	1,976
Movement on deferred tax relating to pension scheme	-	-	-	(376)	(376)
Total comprehensive income for the year	-	-	-	3,630	3,630
Dividends	-	-	-	(1,103)	(1,103)
Balance at 31 March 2021	1,078	9,382	3,250	52,598	66,308
Loss for the year	-	-	-	(6,216)	(6,216)
Remeasurement of net defined benefit asset	-	-	-	(7,174)	(7,174)
Movement on deferred tax relating to pension scheme	-	-	-	489	489
Total comprehensive loss for the year	-	-	-	(12,901)	(12,901)
Dividends	-	-	-	(5,115)	(5,115)
Balance at 31 March 2022	1,078	9,382	3,250	34,582	48,292

The retained earnings balance represents accumulated profits and losses, including unrealised profits on the remeasurement of investment properties, net of dividends paid and other adjustments.

The share premium reserve contains the premium arising on the issue of equity shares, net of issue costs.

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the year ended 31 March 2022

	notes	2022 £000	2022 £000	2021 £000	2021 £000
Cash generated from operations	24		**10,654**		7,764
UK corporation tax refund		**-**		-	
Net cash inflow from operating activities			**10,654**		7,764
Cash flows from investing activities					
Purchase of tangible assets		**(16,661)**		(18,295)	
Purchase of intangible fixed assets		**(981)**		(705)	
Capital contributions received		**865**		1,016	
Sale of tangible fixed assets		**3**		8	
Interest received		**240**		1,103	
Net cash used in investing activities			**(16,534)**		(16,873)
Cash flows from financing activities					
Receipts from borrowings		**23,500**		9,500	
Repayment of borrowings		**(10,500)**		(20,500)	
Drawdown on subordinated liabilities		**-**		24,623	
Equity dividends paid		**(5,115)**		(1,103)	
Interest paid		**(4,688)**		(4,371)	
Net cash generated/(used in) financing activities			**3,197**		8,149
Net (decrease)/increase in cash and cash equivalents			**(2,683)**		(960)
Cash and cash equivalents at beginning of year			**28,377**		29,337
Cash and cash equivalents at end of year	17		**25,694**		28,377

The accompanying notes form part of these financial statements.

Notes

1. The financial information included in this announcement as regards the Company has been prepared in accordance with United Kingdom accounting standards and does not constitute statutory accounts for the relevant periods within the meaning of Section 434 of the Companies Act 2006.

2. Statutory accounts for the Company for the financial year ended 31 March 2021, upon which the Auditors of the Company have given an unqualified report, have been delivered to the Registrar of Companies. Statutory accounts for the Company for the financial year ended 31 March 2022 will be delivered to the Registrar of Companies as soon as practicable after approval at the next Annual General Meeting.

For further information, please contact:

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Chris Milner, Chief Financial Officer	023 9249 9888