

Company Registration No. 07099595 (England and Wales)

**HULL ESTEEM CONSORTIUM LEP LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

# HULL ESTEEM CONSORTIUM LEP LIMITED

## COMPANY INFORMATION

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Directors	T Harsley	
	R W King	
	D A Leedham	
	I G Anderson	
	J L Barnes	
	S McGhee	(Appointed 15 May 2023)
	JS Gordon	(Appointed 30 June 2023)
Secretary	Resolis Limited	
Company number	07099595	
Registered office	1 Park Row Leeds United Kingdom LS1 5AB	
Auditor	Johnston Carmichael LLP 7-11 Melville Street Edinburgh EH3 7PE	

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# HULL ESTEEM CONSORTIUM LEP LIMITED

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# HULL ESTEEM CONSORTIUM LEP LIMITED

## DIRECTORS' REPORT

### *FOR THE YEAR ENDED 31 DECEMBER 2023*

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The directors present their annual report and financial statements for the year ended 31 December 2023.

#### **Principal activities**

The principal activity of the Company is to procure and deliver the design, development, construction and facilities management of Building Schools for the Future (BSF) schools, and other public facilities within Hull.

#### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

T Harsley	
PK Johnstone	(Resigned 30 June 2023)
R W King	
D A Leedham	
I G Anderson	
J L Barnes	
R W Christie	(Resigned 15 May 2023)
S McGhee	(Appointed 15 May 2023)
JS Gordon	(Appointed 30 June 2023)

#### **Performance review**

The Company is working closely with its partners under a Strategic Partnering Agreement to deliver first class education facilities under the BSF programme, within Hull. Whilst the Company's primary objective is the successful delivery of this programme, alongside improvement works to other civic facilities, and is also committed to having a broader positive impact in Hull. This has involved refurbishment schemes throughout the city, with these being delivered to the client during the year.

The profit for the year, after taxation, amounted to £183,000 (2022: £238,000).

The profit for the year will be transferred to reserves.

The directors are satisfied with the overall performance of the Company and do not foresee any significant change in the Company's activities in the coming financial year.

#### **Key performance indicators**

The Company measures its performance through the use of key performance indicators and Collective Partnership Targets within the Strategic Partnering Agreement which provide crucial underpinning of the LEP partnership work (the investment, design, build, finance and operation of BSF schools in Hull).

#### **Going concern**

The financial position of the Company is presented in the balance sheet. The total shareholders' funds as at 31 December 2023 was £1,181,000 (2022: £998,000). The directors are closely monitoring cash flows, having prepared forecasts to the end of 2025 when the legal basis for the current commissioning agreement with Hull City Council comes to an end. Whilst new projects remain uncertain, the directors are satisfied, based on those schemes which are currently contracted, that the Company will have adequate resources to meet its obligations as they fall due from the twelve months of signing these financial statements.

In addition, included in creditors is £60,000 (2022: £120,000) due to Sewell Investments Limited, which is an unsecured interest free loan. This loan is repayable over the next year if the Company meet their financial projections. As such, based on these facts and projections the directors have a reasonable expectation that the Company and the Group of which it is part, have adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

# HULL ESTEEM CONSORTIUM LEP LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2023**

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### **Going concern (continued)**

The Company prepares cash flow forecasts covering the expected life of the asset and so including the 12 month period from the date the financial statements are signed. In drawing up these forecasts, the directors have made assumptions based upon their view of the current and future economic conditions that will prevail over the forecast period. Based on these forecasts the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

In light of this, the directors continue to adopt the going concern basis of accounting in preparing the Company's annual financial statements.

### **Dividends**

The directors do not recommend the payment of a dividend.

### **Financial instruments**

Due to the nature of the Company's business, the financial risks the directors consider relevant to this Company is credit, cash flow and liquidity risk. The credit risk is not considered significant as the client is a quasi-governmental organisation.

#### *Interest rate risk*

The financial risk management objectives of the Company are to ensure that financial risks are mitigated by the use of financial instruments. The Company uses fixed rate interest loans to reduce its exposure to interest rate movements.

#### *Cash Flow and Liquidity risk*

Many of the cash flow risks are addressed by means of contractual provisions. The Company's liquidity risk is principally managed through financing the Company by means of long term borrowings.

#### *Credit risk*

With regard to credit risk, the group of which the Company is a member has an established long term supply chain with parent company guarantees in place. Long-term contractual arrangements are in place with Hull City Council.

### **Qualifying third party indemnity provisions**

The Company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

### **Auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and Johnston Carmichael LLP will therefore continue in office.

### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the Company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the Company's auditor is aware of that information.

### **Small companies exemption**

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption within part 15 of the companies act 2006.

# **HULL ESTEEM CONSORTIUM LEP LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 DECEMBER 2023***

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On behalf of the board

S McGhee

**Director**

30 September 2024

# **HULL ESTEEM CONSORTIUM LEP LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT** ***FOR THE YEAR ENDED 31 DECEMBER 2023***

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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 the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# HULL ESTEEM CONSORTIUM LEP LIMITED

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF HULL ESTEEM CONSORTIUM LEP LIMITED

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#### Opinion

We have audited the financial statements of Hull Esteem Consortium LEP Limited (the 'company') for the year ended 31 December 2023, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 2023 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 responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the 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 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.



# HULL ESTEEM CONSORTIUM LEP LIMITED

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### TO THE MEMBERS OF HULL ESTEEM CONSORTIUM LEP LIMITED

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#### **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 remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

#### **Responsibilities of directors**

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

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

#### *Extent the audit was considered capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

We assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations by considering their experience, past performance and support available.

All engagement team members were briefed on relevant identified laws and regulations and potential fraud risks at the planning stage of the audit. Engagement team members were reminded to remain alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

# **HULL ESTEEM CONSORTIUM LEP LIMITED**

## **INDEPENDENT AUDITORS' REPORT (CONTINUED)**

### **TO THE MEMBERS OF HULL ESTEEM CONSORTIUM LEP LIMITED**

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We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and the sector in which it operates, focusing on those provisions that had a direct effect on the determination of material amounts and disclosures in the financial statements. The most relevant frameworks we identified include:

- UK Generally Accepted Accounting Practice
- Companies Act 2006
- Corporation Tax legislation
- VAT legislation

We gained an understanding of how the Company is complying with these laws and regulations by making enquiries of management and those charged with governance. We corroborated these enquiries through our review of relevant correspondence with regulatory bodies and board meeting minutes.

We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur, by meeting with management and those charged with governance to understand where it was considered there was susceptibility to fraud. This evaluation also considered how management and those charged with governance were remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how management and those charged with governance oversee the implementation and operation of controls. In areas of financial statements where the risks were considered to be higher, we performed procedures to address each identified risk. We identified a heightened fraud risk in relation to:

- management override of controls
- revenue recognition

In addition to the above, the following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

- Reviewing minutes of meetings of those charged with governance for reference to: breaches of laws and regulation or for any indication of any potential litigation and claims; and events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud;
- Reviewing the level of and reasoning behind the Company's procurement of legal and professional services;
- Performing audit work procedures over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing judgements made by management in their calculation of accounting estimates for potential management bias;
- Completion of appropriate checklists and use of our experience to assess the Company's compliance with the Companies Act 2006;
- Agreement of the financial statement disclosures to supporting documentation; and
- Agreed income to completion certificates and invoice.

Our audit procedures were designed to respond to the risk of material misstatements in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve intentional concealment, forgery, collusion, omission or misrepresentation. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

**HULL ESTEEM CONSORTIUM LEP LIMITED**

**INDEPENDENT AUDITORS' REPORT (CONTINUED)**  
**TO THE MEMBERS OF HULL ESTEEM CONSORTIUM LEP LIMITED**

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**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Allison Dalton (Senior Statutory Auditor)**  
**For and on behalf of Johnston Carmichael LLP**

**Statutory Auditor**

30/09/2024  
Date: .....

7-11 Melville Street  
Edinburgh  
EH3 7PE

# HULL ESTEEM CONSORTIUM LEP LIMITED

## PROFIT AND LOSS ACCOUNT

*FOR THE YEAR ENDED 31 DECEMBER 2023*

	Notes	2023 £'000	2022 £'000
<b>Turnover</b>	<b>3</b>	21,533	25,641
Cost of sales		(20,809)	(24,925)
<b>Gross profit</b>		724	716
Administrative expenses		(485)	(420)
<b>Operating profit</b>	<b>4</b>	239	296
Interest receivable and similar income	<b>6</b>	120	127
Interest payable and similar expenses	<b>7</b>	(120)	(124)
<b>Profit before taxation</b>		239	299
Tax on profit	<b>8</b>	(56)	(61)
<b>Profit for the financial year</b>		183	238

All activities of the Company are from continuing operations.

# HULL ESTEEM CONSORTIUM LEP LIMITED

## BALANCE SHEET

**AS AT 31 DECEMBER 2023**

	Notes	2023 £'000	2023 £'000	2022 £'000	2022 £'000
<b>Fixed assets</b>					
Investments	10		1,013		1,033
<b>Current assets</b>					
Debtors: amounts falling due within one year	11	257		1,212	
Cash at bank and in hand		2,250		2,284	
		<u>2,507</u>		<u>3,496</u>	
<b>Creditors: amounts falling due within one year</b>	12	(1,344)		(2,456)	
<b>Net current assets</b>			<u>1,163</u>		<u>1,040</u>
<b>Total assets less current liabilities</b>			2,176		2,073
<b>Creditors: amounts falling due after more than one year</b>	13		(995)		(1,075)
<b>Net assets</b>			<u>1,181</u>		<u>998</u>
<b>Capital and reserves</b>					
Called up share capital	14		1		1
Profit and loss reserves	15		1,180		997
<b>Total equity</b>			<u>1,181</u>		<u>998</u>

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

The financial statements were approved by the board of directors and authorised for issue on 30 September 2024 and are signed on its behalf by:

S McGhee  
**Director**

**Company Registration No. 07099595**

# HULL ESTEEM CONSORTIUM LEP LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

	Share capital £'000	Profit and loss reserves £'000	Total £'000
<b>Balance at 1 January 2022</b>	1	759	760
<b>Year ended 31 December 2022:</b>			
Profit and total comprehensive income for the year	-	238	238
	<u>1</u>	<u>997</u>	<u>998</u>
<b>Balance at 31 December 2022</b>	1	997	998
<b>Year ended 31 December 2023:</b>			
Profit and total comprehensive income for the year	-	183	183
	<u>1</u>	<u>1,180</u>	<u>1,181</u>
<b>Balance at 31 December 2023</b>	<u>1</u>	<u>1,180</u>	<u>1,181</u>

# HULL ESTEEM CONSORTIUM LEP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2023**

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### **1 Accounting policies**

#### **Company information**

Hull Esteem Consortium LEP Limited is a private company limited by shares incorporated in England and Wales. The registered office is 1 Park Row, Leeds, United Kingdom, LS1 5AB.

The principal activity of the Company is to procure and deliver the design, development, construction and facilities management of Building Schools for the Future (BSF) schools, and other public facilities within Hull.

#### **1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A have been applied, other than where additional disclosure is required to show a true and fair view.

The presentational currency of the financial statements is pounds sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared on the going concern basis under the historical cost convention. The principal accounting policies adopted are set out below.

#### **1.2 Going concern**

The financial position of the Company is presented in the balance sheet. The total shareholders' funds as at 31 December 2023 was £1,181,000 (2022: £998,000). The directors are closely monitoring cash flows, having prepared forecasts to the end of 2025 when the legal basis for the current commissioning agreement with Hull City Council comes to an end. Whilst new projects remain uncertain, the directors are satisfied, based on those schemes which are currently contracted, that the Company will have adequate resources to meet its obligations as they fall due from the twelve months of signing these financial statements.

In addition, included in creditors is £60,000 (2022: £120,000) due to Sewell Investments Limited, which is an unsecured interest free loan. This loan is repayable over the next year if the Company meet their financial projections. As such, based on these facts and projections the directors have a reasonable expectation that the Company and the Group of which it is part, have adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

The Company prepares cash flow forecasts covering the expected life of the asset and so including the 12 month period from the date the financial statements are signed. In drawing up these forecasts, the directors have made assumptions based upon their view of the current and future economic conditions that will prevail over the forecast period. Based on these forecasts the directors have a reasonable expectation that the Company has adequate resources to continue in in operational existence for the foreseeable future.

In light of this, the directors continue to adopt the going concern basis of accounting in preparing the Company's annual financial statements.

#### **1.3 Revenue recognition**

Turnover represents income from Hull City Council and other partners for the procurement and delivery of the design, development and construction of schools and other facilities within Hull. Amounts receivable for services are provided in the normal course of business, and are presented net of trade discounts, VAT and other sales related taxes. Turnover is recognised when predetermined, contractual milestones within the BSF programme have been reached or when design, development and construction services have been delivered in line with the non-BSF contracts and contractual milestones therein.

#### **1.4 Tangible assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

# HULL ESTEEM CONSORTIUM LEP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

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### 1 Accounting policies

(Continued)

#### 1.5 Investments

Investments are held at cost less provisions for any impairment in value.

Loan stock investment is shown at the cost of the loan advanced less repayments made to date.

#### 1.6 Borrowings

Borrowings are recognised at amortised cost using the effective interest rate method. Under the effective interest rate method, any transaction fees, costs, discounts and premiums directly related to the borrowings are recognised in the profit and loss account over the life of the borrowings. Borrowings with maturities greater than twelve months after the reporting date are classified as non-current liabilities.

#### 1.7 Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

#### 1.8 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.



# HULL ESTEEM CONSORTIUM LEP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2023**

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### **1 Accounting policies**

**(Continued)**

#### **1.9 Financial instruments**

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price and subsequently at amortised cost, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost. Other financial instruments are subsequently measured at fair value, with any changes recognised in the profit and loss account, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in the profit and loss account immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in the profit and loss account immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

#### **1.10 Taxation**

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

##### ***Current tax***

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

# HULL ESTEEM CONSORTIUM LEP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

### 1 Accounting policies

(Continued)

#### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

### 2 Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported. These estimates and judgments are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### **Significant judgments**

The judgments (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows.

#### *Market rate of interest*

The directors have reviewed the interest rates applied to the unsecured subordinated loan stock and consider these to be at a market rate.

#### **Key sources of estimation uncertainty**

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty are as follows.

#### *Impairment of assets*

The carrying value of those assets recorded in the Company's balance sheet, at amortised cost, could be materially reduced where circumstances exist which might indicate that an asset has been impaired and an impairment review is performed. Impairment reviews consider the fair value and/or value in use of the potentially impaired asset or assets and compares that with the carrying value of the asset or assets in the balance sheet. Any reduction in value arising from such a review would be recorded in the profit and loss account. Impairment reviews involve the significant use of assumptions. Consideration has to be given as to the price that could be obtained for the asset or assets, or in relation to a consideration of value in use, estimates of the future cash flows that could be generated by the potentially impaired asset or assets, together with a consideration of an appropriate discount rate to apply to those cash flows.

### 3 Turnover and other revenue

	2023 £'000	2022 £'000
Turnover arises from:		
Rendering of services	21,533	25,641
	=====	=====

# HULL ESTEEM CONSORTIUM LEP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

### 3 Turnover and other revenue

(Continued)

The whole of the turnover is attributable to the principal activity of the Company wholly undertaken in the United Kingdom.

### 4 Operating profit

	2023 £'000	2022 £'000
Operating profit for the year is stated after charging:		
Fees payable for the audit of the annual report and financial statements	17	17
	<u>17</u>	<u>17</u>

Included in the fee above is £2,000 (2022: £2,000) in relation to taxation advisory services fees payable to the Company auditor.

### 5 Employees

The average number of persons employed by the Company during the financial year, excluding the directors, amounted to nil (2022: nil). The directors, who are key management personnel, received remuneration of £22,000 from the Company for services rendered during the year (2022: £23,000).

### 6 Interest receivable and similar income

	2023 £'000	2022 £'000
<b>Interest income</b>		
Interest on bank deposits	-	3
Interest receivable on loans to group companies	120	124
	<u>120</u>	<u>124</u>
Total income	120	127
	<u>120</u>	<u>127</u>

### 7 Interest payable and similar expenses

	2023 £'000	2022 £'000
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest due on loans from group undertakings	120	124
	<u>120</u>	<u>124</u>

# HULL ESTEEM CONSORTIUM LEP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

### 8 Taxation

	2023 £'000	2022 £'000
<b>Current tax</b>		
UK corporation tax on profits for the current period	56	57
	<u>56</u>	<u>57</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	4
	<u>-</u>	<u>4</u>
Total tax charge	56	61
	<u>56</u>	<u>61</u>

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2023 £'000	2022 £'000
Profit before taxation	239	299
	<u>239</u>	<u>299</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 23.52% (2022: 19%)	56	57
Deferred tax adjustments in respect of prior years	-	4
	<u>-</u>	<u>4</u>
Taxation charge for the year	56	61
	<u>56</u>	<u>61</u>

A change in the UK Corporation tax rate to 25% took effect from 1 April 2023. This change has had a consequential effect on the Company's tax charge with the standard rate of tax in the current year reflective of a marginal tax rate of 23.5% arising from the Company's period straddling the 19% and 25% tax rates.

Deferred tax has been calculated at 25%.

### 9 Tangible fixed assets

	Plant and machinery etc £'000
<b>Cost</b>	
At 1 January 2023 and 31 December 2023	61
	<u>61</u>
<b>Depreciation and impairment</b>	
At 1 January 2023 and 31 December 2023	61
	<u>61</u>
<b>Carrying amount</b>	
At 31 December 2023	-
	<u>-</u>
At 31 December 2022	-
	<u>-</u>

# HULL ESTEEM CONSORTIUM LEP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

### 10 Fixed asset investments

	2023 £'000	2022 £'000
Loans to group undertakings and participating interests	1,013	1,033

#### Movements in fixed asset investments

	Loans to group undertakings £'000
<b>Cost or valuation</b>	
At 1 January 2023	1,033
Repayments	(20)
At 31 December 2023	1,013
<b>Carrying amount</b>	
At 31 December 2023	1,013
At 31 December 2022	1,033

#### Subsidiaries, associates and other investments

Loans to fellow group undertakings represent loans to Hull Esteem Consortium Holdco1 Limited and Hull Esteem Consortium Holdco2 Limited, which have in turn made equal loans to Hull Consortium Projectco1 Limited and Hull Esteem Consortium Projectco2 Limited. Amounts are recoverable in line with a fixed repayment profile over the life of the underlying PFI projects in these companies. Interest is charged at a rate of between 11.66% and 12% per annum on capital balances remaining.

The Company holds 10% of the share capital of Hull Esteem Consortium Holdco1 Limited, a company whose registered address is 1 Park Row, Leeds, England, LS1 5AB.

The Company holds 9.8% of the share capital of Hull Esteem Consortium Holdco2 Limited, a company whose registered address is 1 Park Row, Leeds, England, LS1 5AB.

# HULL ESTEEM CONSORTIUM LEP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

### 11 Debtors

	2023	2022
	£'000	£'000
<b>Amounts falling due within one year:</b>		
Trade debtors	3	37
Amounts owed by group undertakings	30	49
Prepayments and accrued income	100	-
VAT debtor	88	185
Amounts owed by other related parties	36	941
	<u>257</u>	<u>1,212</u>

Amounts owed by group undertakings includes accrued interest of £30,000 (2022: £31,000) relating to loan notes issued (see note 10).

Amounts owed by other related parties are non-interest bearing trading balances and are repayable upon demand.

### 12 Creditors: amounts falling due within one year

	2023	2022
	£'000	£'000
Accruals and deferred income	1,136	659
Trade creditors	4	93
Amounts owed to group undertakings	46	16
Taxation and social security	57	57
Amounts owed to other related parties	101	1,631
	<u>1,344</u>	<u>2,456</u>

Amounts owed to group undertakings includes accrued interest of £30,000 (2022: £31,000) relating to loan notes issued (see note 13).

Included in amounts owed to other related parties is a loan of £60,000 (2022: £60,000) from Sewell Investments Limited. This loan is unsecured and non-interest bearing. The loan is repayable over the next year if the Company meet their financial projections.

# HULL ESTEEM CONSORTIUM LEP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

### 13 Creditors: amounts falling due after more than one year

	2023 £'000	2022 £'000
Amounts owed to group undertakings	918	936
Amounts owed to other related parties	77	139
	<u>995</u>	<u>1,075</u>

Included within creditors: amounts falling due after more than one year is an amount of £916,000 (2022: £924,000) in respect of liabilities payable or repayable by instalments which fall due for payment after more than five years from the reporting date.

The Company issued £462,514 of unsecured loan stock on 4 March 2010. The loan stock was initially issued to Hull Esteem Consortium PSP Limited, Hull City Council and Dalmore Capital (Para 1) Limited.

On 25 July 2011, the Company issued £699,874 of unsecured loan stock to Hull Esteem Consortium PSP limited to fund subscription to £699,874 of unsecured loan stock in Hull Esteem Consortium Holdco2 Limited.

Interest on shareholder loan notes is charged at rates between 11.66% and 12% per annum. Repayments are made in line with a predetermined schedule mirroring amounts payable by Hull Esteem Consortium Projectco1 Limited and Hull Esteem Consortium Projectco2 Limited, in accordance with the underlying PFI Agreements.

Included in amounts owed to other related parties is a loan of £Nil (2022: £60,000) from Sewell Investments Limited. This loan is unsecured and non-interest bearing.

### 14 Called up share capital

	2023 Number	2022 Number	2023 £	2022 £
<b>Ordinary share capital</b>				
<b>Issued and fully paid</b>				
Ordinary 'A' shares of £1 each	100	100	100	100
Ordinary 'B' shares of £1 each	100	100	100	100
Ordinary 'C' shares of £1 each	800	800	800	800
	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

All shares rank pari passu to each other.

### 15 Profit and loss reserves

Retained earnings records retained earnings and accumulated losses.

# HULL ESTEEM CONSORTIUM LEP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2023**

### 16 Related party transactions

The directors consider the material transactions undertaken by the Company during the year with the related parties with as follows:

	<b>2023 Transaction amount £'000</b>	<b>2022 Transaction amount £'000</b>	<b>2023 Debtor / (creditor) £'000</b>	<b>2022 Debtor / (creditor) £'000</b>
<b>Hull Esteem Consortium PSP Ltd</b>				
<i>Parent company</i>				
Provision of goods and services	<b>17</b>	15	<b>(948)</b>	(950)
Pass through costs	<b>(113)</b>	(113)	<b>(28)</b>	(28)
<b>Hull Esteem Consortium Holdco1 Ltd</b>				
<i>10% direct shareholding</i>				
Loan receivable	<b>12</b>	13	<b>396</b>	409
Interest receivable	<b>49</b>	50	<b>12</b>	12
<b>Hull Esteem Consortium Holdco2 Ltd</b>				
<i>9.8% direct shareholding</i>				
Loan receivable	<b>5</b>	5	<b>617</b>	622
Interest receivable	<b>73</b>	73	<b>18</b>	18
<b>Hull Esteem Consortium Projectco1 Ltd</b>				
<i>10.9% indirect shareholding</i>				
Provision of management services (income)	<b>114</b>	90	<b>47</b>	5
<b>Hull Esteem Consortium Projectco2 Ltd</b>				
<i>11.8% indirect shareholding</i>				
Provision of management services (income)	<b>123</b>	108	<b>52</b>	-
Pass through income	<b>-</b>	1,770	<b>-</b>	-
<b>Hull City Council</b>				
<i>Shareholder</i>				
Design, development and construction services	<b>21,098</b>	23,484	<b>36</b>	941
Shareholder loan payable	<b>(1)</b>	(1)	<b>(40)</b>	(41)
Sub-debt loan interest payable	<b>(5)</b>	(5)	<b>(1)</b>	(1)
<b>Dalmore Capital (Para 1) Limited</b>				
<i>Shareholder</i>				
Shareholder loan note	<b>(1)</b>	(1)	<b>(40)</b>	(41)
Shareholder loan note interest payable	<b>(5)</b>	(5)	<b>(1)</b>	(1)
<b>Sewell Investments Limited</b>				
<i>26.67% indirect shareholder</i>				
Provision of management services (expense)	<b>(232)</b>	(158)	<b>(60)</b>	(120)
<b>Sewell Construction Limited</b>				
<i>Associate of shareholder</i>				
Design, development and construction services	<b>(12,807)</b>	(12,341)	<b>(38)</b>	(1,569)



# HULL ESTEEM CONSORTIUM LEP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

### 16 Related party transactions

(Continued)

	<b>2023 Transaction amount £'000</b>	<b>2022 Transaction amount £'000</b>	<b>2023 Debtor / (creditor) £'000</b>	<b>2022 Debtor / (creditor) £'000</b>
<b>Shared Agenda Solutions Ltd</b>				
<i>Associate of shareholder</i>				
Consultancy services	<b>(282)</b>	(456)	-	-

### 17 Controlling party

The immediate parent undertaking is Hull Esteem Consortium PSP Limited. It is the parent undertaking of the largest and smallest group to consolidate financial statements. Copies of Hull Esteem Consortium PSP Limited consolidated financial statements can be obtained from the Company Secretary at 1 Park Row, Leeds, United Kingdom, LS1 5AB. Hull Esteem Consortium PSP Limited is a jointly owned company with no ultimate controlling party. No one company has overriding control of Hull Esteem Consortium PSP Limited.

