

Company registration number SC291034 (Scotland)

**STIRLING GATEWAY LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2024**

# STIRLING GATEWAY LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Kirsty O'Brien David Spiller Stewart Small Carl Dix Alison Groat Josh Bond
<b>Secretary</b>	Infrastructure Managers Limited
<b>Company number</b>	SC291034
<b>Registered office</b>	2nd Floor, Drum Suite Saltire Court 20 Castle Terrace Edinburgh EH1 2EN
<b>Independent Auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants & Statutory Auditors Atria One 144 Morrison Street Edinburgh EH3 8EX
<b>Bankers</b>	Royal Bank of Scotland Plc PO Box 412 62/63 Threadneedle Street London EC2R 8LA
<b>Solicitors</b>	Dentons UKMEA LLP 1 George Square Glasgow G2 1AL

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# STIRLING GATEWAY LIMITED

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# STIRLING GATEWAY LIMITED

## DIRECTORS' REPORT

### *FOR THE YEAR ENDED 31 MARCH 2024*

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The directors present their annual report and the financial statements of Stirling Gateway Limited ("the Company") for the year ended 31 March 2024.

#### **Principal activities**

The principal activity of the Company is the provision and facilities management services of five schools and a community campus to Stirling Council under the Government's Public Private Partnership (PPP) programme. The duration of the contract is 33 years. The construction phase is complete and the 31 year service delivery period ends on the 13 August 2039.

#### **Results and dividends**

The results for the year are set out on page 8.

The profit for the financial year, after taxation, amounted to £1,925,716 (2023: profit of £1,781,289).

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.

Ordinary dividends were paid amounting to £nil (2023: £322,000). The directors do not recommend payment of a final dividend.

#### **Directors**

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

Kirsty O'Brien	
John Cavill	(Resigned 8 May 2024)
David Spiller	
David Smith	(Resigned 1 December 2023)
Stewart Small	
Carl Dix	
Alison Groat	(Appointed 1 December 2023)
Josh Bond	(Appointed 8 May 2024)

#### **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.

#### **Financial instruments**

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

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 interest rate swaps to reduce its exposure to interest rate movements. Financial instruments are not used for speculative purposes.

#### **Auditors**

The auditors, PricewaterhouseCoopers LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

# STIRLING GATEWAY LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 MARCH 2024**

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### Statement of disclosure to auditors

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### Key performance indicators

The performance of the Company from a cash perspective is assessed six monthly by the testing of the covenants of the senior debt provider. The key indicator being the debt service cover ratio. The Company has been performing well and has been compliant with the covenants laid out in the loan agreement.

### Climate change

The directors recognise that it is important to disclose their view of the impact of climate change on the Company. The Company's key operational contracts are long-term and with a small number of known counterparties. In most cases, the cashflows from these contracts can be predicted with reasonable certainty for at least the medium-term. Having considered the Company's operations, its contracted rights and obligations and forecast cash flows, there is not expected to be a significant impact upon the Company's operational or financial performance arising from climate change.

### Going concern

These financial statements have been prepared on the going concern basis for the reasons set out in the Accounting Policies.

### Small companies exemption

This report has been prepared in accordance with the special provisions applicable to small companies within Part 15 of the Companies Act 2006. Exemption has also been taken from the requirement to prepare a Strategic Report.

This report was approved by the board of directors on 12 August 2024 and signed by order of the board by:

James Cornock

For and on behalf of Infrastructure Managers Limited

**Secretary**

12 August 2024

# **STIRLING GATEWAY LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT** ***FOR THE YEAR ENDED 31 MARCH 2024***

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The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

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.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The financial statements were approved and signed by the director and authorised for issue on 12 August 2024

Carl Dix  
**Director**

# **STIRLING GATEWAY LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF STIRLING GATEWAY LIMITED**

#### **FOR THE YEAR ENDED 31 MARCH 2024**

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#### **Report on the audit of the financial statements**

##### **Opinion**

In our opinion, Stirling Gateway Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of financial position as at 31 March 2024; the Statement of comprehensive income and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

##### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

##### **Conclusions relating to going concern**

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

# **STIRLING GATEWAY LIMITED**

## **INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE MEMBERS OF STIRLING GATEWAY LIMITED FOR THE YEAR ENDED 31 MARCH 2024**

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### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### **Directors' report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' report for the year ended 31 March 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' report.

### **Responsibilities for the financial statements and the audit**

#### **Responsibilities of the directors for the financial statements**

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

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.

#### **Auditors' 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 auditors' 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.



# **STIRLING GATEWAY LIMITED**

## **INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE MEMBERS OF STIRLING GATEWAY LIMITED FOR THE YEAR ENDED 31 MARCH 2024**

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to Companies Act 2006 and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inappropriate journal entries and the risk of management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Enquiries of management around known or suspected instances of non-compliance with laws and regulations, claims and litigation, and instances of fraud;
- Understanding of management's controls designed to prevent and detect irregularities;
- Review of board minutes;
- Challenging management on assumptions and judgements made in their significant accounting estimates, in particular in relation to the fair value of derivative financial instruments; and
- Identifying and testing journal entries to assess whether any of the journals appeared unusual, for example impacting revenue and distributable reserves.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### **Use of this report**

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **Other required reporting**

#### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

# **STIRLING GATEWAY LIMITED**

## **INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE MEMBERS OF STIRLING GATEWAY LIMITED FOR THE YEAR ENDED 31 MARCH 2024**

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### **Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption in preparing the Directors' report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

### **Paul Cheshire (Senior Statutory Auditor)**

for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Edinburgh  
12 August 2024

# STIRLING GATEWAY LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2024

	Notes	2024 £	2023 £
<b>Turnover</b>	<b>3</b>	7,971,350	6,485,773
Cost of sales		(5,850,883)	(4,639,965)
<b>Gross profit</b>		2,120,467	1,845,808
Administrative expenses		(876,251)	(813,736)
Other operating income		1,166,210	1,166,210
<b>Operating profit</b>		2,410,426	2,198,282
Interest receivable and similar income	<b>6</b>	4,662,377	4,574,522
Interest payable and similar expenses	<b>7</b>	(4,505,182)	(4,573,208)
<b>Profit before taxation</b>		2,567,621	2,199,596
Tax on profit	<b>8</b>	(641,905)	(418,307)
<b>Profit for the financial year</b>		1,925,716	1,781,289
<b>Other comprehensive income</b>			
Fair value gain on cash flow hedging instruments, net of tax		1,896,765	4,370,313
<b>Total comprehensive income for the year</b>		3,822,481	6,151,602

This income statement has been prepared on the basis that all operations are continuing operations.

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

# STIRLING GATEWAY LIMITED

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024

	Notes	2024 £	£	2023 £	£
<b>Current assets</b>					
Debtors: amounts falling due within one year	10	5,646,040		5,187,213	
Debtors: amounts falling due after one year	10	87,128,366		90,948,628	
Cash at bank and in hand		11,784,250		9,387,012	
		<u>104,558,656</u>		<u>105,522,853</u>	
<b>Creditors: amounts falling due within one year</b>	11	<u>(6,914,779)</u>		<u>(6,231,302)</u>	
<b>Net current assets</b>			97,643,877		99,291,551
<b>Creditors: amounts falling due after more than one year</b>	12		<u>(104,431,596)</u>		<u>(109,901,751)</u>
<b>Net liabilities</b>			<u>(6,787,719)</u>		<u>(10,610,200)</u>
<b>Capital and reserves</b>					
Called up share capital	16		50,000		50,000
Hedging reserve			(17,762,710)		(19,659,475)
Profit and loss reserve			<u>10,924,991</u>		<u>8,999,275</u>
<b>Total shareholders' deficit</b>			<u>(6,787,719)</u>		<u>(10,610,200)</u>

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

The financial statements were approved by the board of directors and authorised for issue on 12 August 2024 and are signed on its behalf by:

Carl Dix  
**Director**

Company registration number SC291034 (Scotland)

# STIRLING GATEWAY LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2024

	Notes	Called up share capital £	Hedging reserves £	Profit and loss reserve £	Total £
<b>Balance at 1 April 2022</b>		50,000	(24,029,788)	7,539,986	(16,439,802)
<b>Year ended 31 March 2023:</b>					
Profit for the financial year		-	-	1,781,289	1,781,289
Other comprehensive income:					
Fair value movements on cash flow hedging instruments, net of tax		-	4,370,313	-	4,370,313
Total comprehensive income for the year		-	4,370,313	1,781,289	6,151,602
Dividends	9	-	-	(322,000)	(322,000)
<b>Balance at 31 March 2023</b>		50,000	(19,659,475)	8,999,275	(10,610,200)
<b>Year ended 31 March 2024:</b>					
Profit for the financial year		-	-	1,925,716	1,925,716
Other comprehensive income:					
Fair value movements on cash flow hedging instruments, net of tax		-	1,896,765	-	1,896,765
Total comprehensive income for the year		-	1,896,765	1,925,716	3,822,481
<b>Balance at 31 March 2024</b>		50,000	(17,762,710)	10,924,991	(6,787,719)

Included in the fair value movement on cash flow hedging instrument is £(260,142) (2023: £1,211,328) that was recycled through Interest Payable in the Statement of Comprehensive Income.

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

# STIRLING GATEWAY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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### 1 Accounting policies

#### Company information

Stirling Gateway Limited ("the Company") is a private company limited by shares incorporated in the United Kingdom and is registered in Scotland. The registered office is located at 2nd Floor, Drum Suite, Saltire Court, 20 Castle Terrace, Edinburgh, EH1 2EN.

The principal activity of the Company is the provision and facilities management services of five schools and a community campus to Stirling Council under the Government's Public Private Partnership (PPP) programme. The duration of the contract is 33 years. The construction phase is complete and the 31 year service delivery period ends on the 13 August 2039.

#### 1.1 Accounting convention

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

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

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities. The principal accounting policies adopted are set out below and have been consistently applied to the years presented, unless otherwise stated.

The Company has taken advantage of the exemption in FRS 102 Section 7 'Statement of Cash Flows' part 1B, which states that a small company is not required to prepare a cash flow statement.

The Company has taken advantage of the option not to prepare consolidated financial statements contained in Section 398 of the Companies Act 2006 on the basis that the Company and its subsidiary undertakings comprise a small group

#### 1.2 Going concern

The financial statements are prepared on a going concern basis notwithstanding net liabilities of £4,129,525 (2023: £10,610,200) which the directors believe to be appropriate for the following reasons.

The directors acknowledge that the Company is in net liabilities, however, this is a result of the interest rate and RPI swaps, which are significantly out of the money, being included on the Statement of Financial Position. It is not the Company's intention to close these instruments before their maturity date in 2039, therefore there is no impact on the Company's ability to meet its liabilities as they fall due.

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.

#### 1.3 Turnover

Turnover represents the services' share of the management services income received by the Company for the provision of a PFI asset to the customer. This income is received over the life of the concession period. Management service income is allocated between turnover, finance debtor interest and reimbursement of the finance debtor so as to generate a constant rate of return in respect of the finance debtor over the life of the contract.

# STIRLING GATEWAY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

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#### 1 Accounting policies

(Continued)

##### 1.4 Cash and cash equivalents

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

The Company is obligated to keep cash reserves as at the balance sheet date in respect of requirements in the company's funding agreements. This restricted cash balance, which is shown within the "cash at bank and in hand" balance amounts to £10,143,608 (2023: £6,984,976).

##### 1.5 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

###### **Basic financial assets**

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

###### **Other financial assets**

Other financial instruments are subsequently measured at fair value, with any changes recognised in the Statement of Comprehensive Income, with the exception of hedging instruments in a designated hedging relationship.

###### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

###### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

###### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

# STIRLING GATEWAY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

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### 1 Accounting policies

(Continued)

#### **Basic financial liabilities**

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

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

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

#### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at each reporting date. The fair values of the derivatives have been calculated by discounting the fixed cash flows at forecasted forward interest rates over the term of the financial instrument. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

### 1.6 Equity instruments

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

### 1.7 Hedge accounting

The Company has entered into an arrangement with third parties that is designed to hedge future cash flows arising on variable rate interest loan arrangements, with the net effect of exchanging the cash flows arising under those arrangements for a stream of fixed interest cash flows ("interest rate swaps").

To qualify for hedge accounting, documentation is prepared specifying the hedging strategy, the component transactions and methodology used for effectiveness measurement. Changes in the carrying value of financial instruments that are designated and effective as hedges of future cash flows ("cash flow hedges") are recognised directly in a hedging reserve in equity and any ineffective portion is recognised immediately in the Statement of Comprehensive Income. Amounts deferred in equity in respect of cash flow hedges are subsequently recognised in the Statement of Comprehensive Income in the same period in which the hedged item affects net profit or loss or the hedging relationship is terminated and the underlying position being hedged has been extinguished.

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



# STIRLING GATEWAY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

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#### 1 Accounting policies

(Continued)

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

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

#### 1.8 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 Statement Of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### **Deferred tax**

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

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

#### 1.9 Finance debtor

The Company has taken the transition exemption in FRS102 Section 35.10(i) that allows the Company to continue the service concession arrangement accounting policies from previous UK GAAP.

The Company accounts for the concession asset based on the ability to substantially transfer all the risks and rewards of ownership to the customer, with this arrangement the costs incurred by the Company on the design and construction of the asset have been treated as a finance debtor within these financial statements.

# STIRLING GATEWAY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

### 2 Judgements and key sources of estimation uncertainty

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

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

#### Key sources of estimation uncertainty

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

#### *Impairment of assets*

The carrying value of those assets recorded in the Company's Statement of Financial Position, at amortised cost less any impairment losses, 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 compare that with the carrying value of the asset or assets in the Statement of Financial Position. Any reduction in value arising from such a review would be recorded in the Statement of Comprehensive Income. 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.

#### *Fair value of derivative contracts*

Fair values for derivative contracts are based on mark-to-market valuations provided by the contract counterparty. Whilst these can be tested for reasonableness, the exact valuation methodology and forecast assumptions for future interest rates or inflation rates are specific to the counterparty.

#### *Service concession contract*

Accounting for the service concession contract and finance debtor requires estimation of service margin, finance debtor interest rates and associated amortisation profile which is based on projected trading results to the end of the contract.

### 3 Turnover

	2024 £	2023 £
<b>Turnover analysed by class of business</b>		
Rendering of services	7,971,350	6,485,773

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

# STIRLING GATEWAY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

### 4 Auditors' remuneration

	2024	2023
	£	£
Fees payable to the company's auditors and associates:		
<b>For audit services</b>		
Audit of the financial statements of the company	12,730	11,900

Included in the fee above is £2,420 (2022: £2,200) for the audit of the immediate parent entity Stirling Gateway Holdings Limited.

### 5 Employees

The average number of persons employed by the Company during the financial year amounted to nil (2023: nil). The directors are not employed by the Company and did not receive any remuneration from the Company during the year (2023: £nil).

### 6 Interest receivable and similar income

	2024	2023
	£	£
<b>Interest income</b>		
Interest on bank deposits	330,415	101,057
Interest received on finance debtor	4,331,915	4,473,465
Other interest income	47	-
	4,662,377	4,574,522

Other interest income relates to interest received from HMRC within the year.

### 7 Interest payable and similar expenses

	2024	2023
	£	£
Interest on bank overdrafts and loans	3,560,765	3,651,684
Interest payable to group undertakings	908,764	893,282
Other interest on financial liabilities	35,653	28,242
	4,505,182	4,573,208

### 8 Taxation on profit

	2024	2023
	£	£
<b>Current tax</b>		
UK corporation tax on profits for the current period	640,307	416,708
<b>Deferred tax</b>		
Origination and reversal of timing differences	1,598	1,599
Total tax charge	641,905	418,307

# STIRLING GATEWAY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

### 8 Taxation on profit

(Continued)

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

	2024 £	2023 £
Profit before taxation	2,567,621	2,199,596
Expected tax charge based on the standard rate of corporation tax in the UK of 25.00% (2023: 19.00%)	641,905	417,923
Effect of change in corporation tax rate	-	384
Taxation charge for the year	641,905	418,307

In 2021 an increase in the corporation tax rate to 25% with effect from 1 April 2023 was substantively enacted.

### 9 Dividends

	2024 Per share £	2023 Per share £	2024 Total £	2023 Total £
<b>Ordinary Shares</b>				
Final paid	-	6.44	-	322,000

### 10 Debtors

	2024 £	2023 £
<b>Amounts falling due within one year:</b>		
Trade debtors	2,394,751	2,149,662
Finance debtor	3,186,392	2,977,920
Prepayments and accrued income	64,897	59,631
	5,646,040	5,187,213
<b>Amounts falling due after more than one year:</b>		
Finance debtor	81,205,865	84,392,274
Deferred tax asset (note 14)	5,922,501	6,556,354
	87,128,366	90,948,628
<b>Total debtors</b>	92,774,406	96,135,841

# STIRLING GATEWAY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

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

	Notes	2024 £	2023 £
Bank loans	13	1,767,502	1,529,600
Trade creditors		681,150	635,184
Amounts owed to group undertakings		446,672	446,651
Corporation tax		438,634	210,111
Other taxation and social security		541,010	448,947
Other creditors		1,260,969	1,690,060
Accruals and deferred income		1,778,842	1,270,749
		<u>6,914,779</u>	<u>6,231,302</u>

Amounts owed to group undertakings relate to subordinated debt interest.

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

	Notes	2024 £	2023 £
Bank loans	13	58,362,719	60,137,645
Other borrowings	13	6,617,370	6,617,370
Derivative financial instruments		23,683,613	26,212,633
Other creditors		15,767,894	16,934,103
		<u>104,431,596</u>	<u>109,901,751</u>

Other creditors relates to capital contributions received at the end of the construction phase. This amount will be released on a straight line basis over the remainder of the concession.

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

Payable by instalments	50,011,160	52,573,475
Payable other than by instalments	6,617,370	6,617,370
	<u>56,628,530</u>	<u>59,190,845</u>

# STIRLING GATEWAY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

### 13 Loans and overdrafts

	2024 £	2023 £
Bank loans	60,130,221	61,667,245
Loans from group undertakings	6,617,370	6,617,370
	<u>66,747,591</u>	<u>68,284,615</u>
Payable within one year	1,767,502	1,529,600
Payable after one year	<u>64,980,089</u>	<u>66,755,015</u>

Included within bank loans is a loan for £60,130,221 (2023: £60,329,463) repayable in semi annual instalments commencing on 31 March 2009. The final repayment date of this bank loan being 31 December 2037. These figures are inclusive of debt arrangement costs of £199,242 (2023: £234,895) which will be released to the profit and loss account over the life of the loan.

Bank loans bear interest based on SONIA. As part of the interest rate management strategy the Company entered into an interest rate swap in respect of part of the debt maturing in March 2038. Under this swap and the senior debt financing in place, the Company receives interest on a variable basis and currently pays interest at a fixed rate of 4.845%. The bank loans are secured by a floating charge over the assets of the Company.

Loans from group undertakings are unsecured and bears interest at 13.5% with the principal repayable on 30 June 2039.

### 14 Deferred taxation

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

	Assets 2024 £	Assets 2023 £
<b>Balances:</b>		
Derivative financial instruments	5,920,903	6,553,158
Short term timing differences	1,598	3,196
	<u>5,922,501</u>	<u>6,556,354</u>
<b>Movements in the year:</b>		<b>2024 £</b>
Asset at 1 April 2023		(6,556,354)
Charge to profit or loss		1,598
Charge to other comprehensive income		632,255
Asset at 31 March 2024		<u>(5,922,501)</u>

# STIRLING GATEWAY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

### 14 Deferred taxation

(Continued)

The net deferred tax asset expected to reverse in 2024/25 is £1,215 (2024: £1,215). This primarily relates to the reversal of short term timing differences.

### 15 Financial instruments

	2024	2023
	£	£
<b>Carrying amount of financial liabilities</b>		
Measured at fair value through profit or loss		
- Other financial liabilities	23,683,613	26,212,633

The fair values of the interest rate and RPI swap have been calculated by discounting the fixed cash flows at forecasted forward interest and RPI rates over the term of the financial instrument. The bank borrowing and finance debtor are both held at amortised cost.

#### Hedging arrangements

Derivatives are financial instruments that derive their value from the price of an underlying item, such as interest rates or other indices. The Company's use of derivative financial instruments is described below.

#### Interest rate swaps

The Company has entered into interest rate swaps with third parties for the same notional amount as all of the Company's variable rate borrowings with banks which has the commercial effect of swapping the variable rate interest coupon on those loans for a fixed rate coupon. The bank loans and related interest rate swaps amortise at the same rate over the life of the loan/swap arrangements. The interest rate swaps were entered into on 31 March 2008 and expire on 31 March 2038.

The Directors believe that the hedging relationship between the interest rate swaps and related variable rate bank loans is highly effective and as a consequence have concluded that these derivatives meet the definition of a cash flow hedge and have formally designated them as such.

#### RPI swaps

The Company has entered into arrangements with third parties for the purpose of exchanging the vast majority of variable cash inflows arising from the operation of the Company's service concession asset in exchange for a pre-determined stream of cash inflows from these third parties. These arrangements meet the definition to be classified as derivative financial instruments. The Company entered into these derivative arrangements on 1 September 2008 and expire on 1 September 2038.

Under the terms of the project agreements, the Company is permitted to charge its principal customer, Stirling Council an agreed amount for the services it provides. This amount is uplifted each year commencing 1 April using the current RPIX for January against the base date RPIX. These derivative arrangements (RPI swaps) have the effect of exchanging variable cash inflows (impacted by changes in RPI) in exchange for a known and predetermined stream of cash flows expected to arise over the same period.

# STIRLING GATEWAY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

#### 15 Financial instruments

(Continued)

The Directors believe that the use of these RPI swaps is consistent with the Company's risk management objective and strategy for undertaking these hedges. The vast majority of the Company's cash outflows relate to borrowings (after interest rate swaps - see above) that carry a fixed coupon so that both the principal repayments, and coupon payments (after interest rate swaps - see above) are predetermined. The purpose of these hedges is to generate highly certain cash inflows so that the Company can meet its obligations under the terms of its borrowing arrangements.

The Directors believe that the hedging relationship is highly effective and that the forecast cash inflows are highly probable and as a consequence have concluded that the RPI swap derivatives meet the definition of a cash flow hedge and have formally designated them as such.

#### Carrying value of all derivative financial instruments

All of the Company's derivative financial instruments are carried at fair value. The net carrying value of all derivative financial instruments at 31 March 2024 amounted to a liability of £23,683,613 (2023: £26,212,633) comprising liabilities of £4,120,369 for RPI swaps (2023: £5,581,307) and liabilities of £19,563,244 for interest rate swaps (2023: £20,631,326). All of the movements during the year in the fair value of these derivative financial instruments have been recorded in the cash flow hedge reserve amounting to a credit of £2,529,020 (2023: £5,827,084).

#### 16 Called up share capital

	2024 Number	2023 Number	2024 £	2023 £
<b>Ordinary share capital Issued and fully paid</b>				
Ordinary Shares of £1 each	50,000	50,000	50,000	50,000

There is a single class of ordinary share. There are no restrictions on the distribution of dividends and the repayment of capital.

#### 17 Related party transactions

The Company is wholly owned by Stirling Gateway HC Limited and has taken advantage of the exemption in section 33 of FRS 102 'Related Party Disclosures', that allows it not to disclose transactions with wholly owned members of a group.

PFI Infrastructure Finance Limited holds a 50% shareholding in Stirling Gateway HC Limited.

Equitix MA 1 Infrastructure Ltd holds a 12.5% shareholding in Stirling Gateway HC Limited.

Equitix Fund IV LP holds a 12.5% shareholding in Stirling Gateway HC Limited.

Forth Limited holds a 12.5% shareholding in Stirling Gateway HC Limited. FES FM Limited a related group entity of Forth Limited is contracted to provide facilities management services and received £7,348,462 (2023: £5,017,059) for work done in the year. As at 31 March 2023 Stirling Gateway Limited had an outstanding balance owing to FES FM Limited of £260,874 (2023: £561,067) which was settled in April 2024.

Gateway PFI Limited holds a 12.5% shareholding in Stirling Gateway HC Limited. During the year £228,157 (2023: £188,056) was paid to Gateway PFI Limited for the provision of financial administration and general management services to the Company. As at 31 March 2024 Stirling Gateway Limited had an outstanding balance owing to Gateway PFI Limited of £nil (2023: £nil). D Spiller, Director of the Company is also a Director of Gateway PFI Limited.



# STIRLING GATEWAY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) *FOR THE YEAR ENDED 31 MARCH 2024*

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### **18 Ultimate controlling party**

The immediate parent undertaking is Stirling Gateway HC Limited.

The share capital of Stirling Gateway HC Limited is held in proportions of PFI Infrastructure Finance Limited 50%, Equitix MA 1 Infrastructure Limited 12.5%, Forth Limited 12.5%, Gateway PFI Limited 12.5%, Equitix Fund IV LP 12.5%. Accordingly, there is no ultimate controlling party.

