

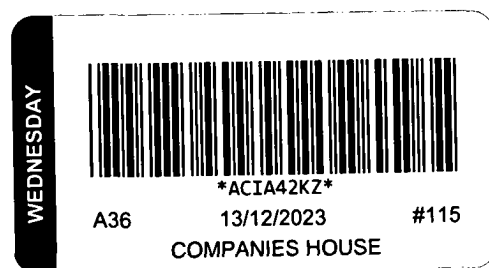


Ubico Limited

ANNUAL REPORT and ACCOUNTS

For the year ended

31 March 2023



Ubico Limited

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Ubico Limited

Company Information
For the year ended 31 March 2023

Directors

Beth Boughton	Managing Director
Chris Urwin	Finance Director
Robert Heath	Operations Director
William McCarthy	Chairman
Paul Jones	Non-executive Director
Paul Blacker	Non-executive Director
Michael Hammond	Non-executive Director – resigned on 16 th Oct 2022
Katherine Lyons	Non-executive Director
Patrick Ricketts	Non-executive Director
David Oakhill	Non-executive Director – appointed on 5 th April 2022
Keith Gerrard	Non-executive Director – appointed on 20 th Jan 2023

Executive Management Team

Beth Boughton	Managing Director
Chris Urwin	Finance Director
Robert Heath	Operations Director

Legal Advisors and Solicitors

One-Legal (a legal service shared between Cheltenham Borough Council, Gloucester City Council, Stroud District Council and Tewkesbury Borough Council).

One Legal
C/O Tewkesbury Borough Council
Council Offices
Gloucester Road
Tewkesbury, Gloucestershire
GL20 5TT

Financial and Human Resources Advisors

Publica (Group) Support Limited (a company wholly owned by Cotswold District Council, Forest of Dean District Council, West Oxfordshire District Council and Cheltenham Borough Council).

Registered Office

Central Depot
Swindon Road
Cheltenham
GL51 9JZ
Company no. 07824292

Independent Auditor

Grant Thornton UK LLP
Chartered Accountants & Statutory Auditor
3 Callaghan Square
Cardiff
CF10 5BT

Bankers

Lloyds Bank PLC
130 High Street
Cheltenham
GL50 1EW

Ubico Limited

STRATEGIC REPORT

For the year ended 31 March 2023

Principal Activities

The principal activities of the company during the year were the delivery of a range of integrated environmental services to Cotswold District Council, Cheltenham Borough Council, Tewkesbury Borough Council, West Oxfordshire District Council, Forest of Dean District Council, Stroud District Council, Gloucester City Council and Gloucestershire County Council. The company also provided grounds maintenance services to academies in the Gloucestershire area and numerous other public and private sector customers (e.g. Parish Councils).

Our portfolio of services includes household and commercial refuse collection, recycling, street cleaning, grounds maintenance, horticulture, recycling centre management, fleet management and maintenance, building cleaning, pest control and winter maintenance.

We commenced services to Gloucester City Council and work with our other partners were fundamentally unchanged year on year.

As a company wholly owned by local authorities, the company operates for their benefit with services delivered to those authorities at cost. The average number of full-time equivalent staff employed by the company during the year was 880. Support services were provided by other local authority partnerships involving shareholding councils.

Our Mission

To keep spaces and places clean and green for every resident, visitor, town, village, and community.

Our Vision

To be recognised by our customers and employees as a quality provider of sustainable services for our local communities, delivering best value and reliability through:

- *Leveraging synergies and economies of scale.*
- *Harnessing opportunities to deliver value back to our partners.*
- *Using technology to drive operational efficiency.*
- *Understanding our communities' needs.*
- *Inspiring our workforce to be committed to providing value for money and carbon neutral services.*

The strategy for delivering the five-year vision is built around four pillars, People, Operational Excellence, Climate and Business Development, and the year 2022/23 represented the second year of the five-year vision.

Ubico Limited

STRATEGIC REPORT

For the year ended 31 March 2023

2022/23 A Year in Review

The company's operational partnerships with the shareholding councils continued to perform well overall, despite significant economic headwinds impacting supply chain and employment markets. The company will continue to work closely with our partners to face any such challenges together.

Alongside the adaptations made to ensure continued service delivery during the year, the company also achieved the following business plan aims:

People:

The right talent in the right roles with the right skills.

- Continued to develop the company's Training Centre to deliver effective and appropriate staff training and raise awareness and recognition.
- Launched a mobile phone based employment engagement and rewards application

Operational Excellence:

Deliver quality, add value, high standards of financial control and governance and raise awareness and recognition.

- Improved our Health and Safety reporting systems and processes.
- Received national awards recognition.
- Continued our roadmap towards digitisation and modernisation, to enhance productivity, efficiency, and customer service levels.

Climate:

Minimise our environmental impact and support our shareholders to meet their carbon neutral targets.

- the company undertook several carbon reduction initiatives focussed on fleet, driver training and biodiversity.

Business Development:

Build capability to deliver value to our partnerships.

- Successfully mobilised services to Gloucester City Council from April 2022.

Turnover in 2022/23 was £49.9m, up from £37.6m in 2021/22. Total comprehensive income for the year is £0.0m. This is primarily resulting from movements in the actuarial valuation of the pension fund (under FRS 102).

The directors of the company are of the opinion that the company maintains a healthy future and remains a 'going concern'.

Ubico Limited

STRATEGIC REPORT

For the year ended 31 March 2023

Key performance indicators

The directors have monitored the progress of the overall company vision and strategy and the individual strategic elements by reference to certain financial and non-financial key performance indicators.

Financial key performance indicators:

	2023	2022
Year on year turnover growth	32.7%	5.6%
Proportion of turnover generated by activity for partners	99.5%	99.3%

Other key performance indicators:

	2023	2022
Collections made (million)	43.4	36.1
Collection accuracy	99.93%	99.91%

Principal Risks and Uncertainties

Risk management is one of the key principles of effective corporate governance and is also a key contributor to a sound internal control environment.

The company continues to seek and adopt recognised best practice in the identification, evaluation and cost-effective control of risks and opportunities to ensure that these are managed at acceptable levels.

The company continued to focus on the ongoing risks associated with health and safety and the compliance of our vehicles and depots to ensure that the company continued to meet regulatory standards.

Global supply chain challenges combined with other global events have increased risk to the supply of goods and services essential to the provision of our services. We are monitoring developments closely and adapting mitigations accordingly.

The recruitment and retention of operational staff in an increasingly competitive labour market remains a concern and continues to be closely monitored.

To mitigate all these risks, a range of measures have been assessed and are being delivered to improve the company's systems, processes and governance and the company is continually reviewing its terms and conditions and approach to recruitment to remain attractive.

The company has appropriate insurance cover for assets and business operations, including directors' and officers' indemnity.

Ubico Limited

STRATEGIC REPORT

For the year ended 31 March 2023

Section 172 Statement

The Directors have a duty to promote the success of the company under Section 172(1) of the Companies Act 2006, as follows:

A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members, and in doing so have regard (amongst other matters) to

- the likely consequences of any decision in the long term.
- the interests of the company's employees.
- the need to foster the company's business relationships with suppliers, customers, and others.
- the impact of the company's operations on the community and the environment.
- the desirability of the company maintaining a reputation for high standards of business.
- and the need to act fairly between members of the company.

The company delivers on these requirements by incorporating environmental awareness in our corporate values and goals:

- Our Mission is to keep spaces and places clean and green for every resident, visitor, town, village, and community.
- Our Vision is to be recognised by our customers and employees as a quality provider of sustainable services for our local communities, delivering best value and reliability.
- One of our Values is to Care for our Environment.

Looking Forward to 2023/24

2023/24 business plan objectives

The company has a business plan which is reviewed and approved by the board of directors and shareholders on an annual basis. Objectives are realised through a targeted and prioritised annual action plan.

The company's 2023/24 business plan continues to build our four strategic pillars, with key activity identified for the year as follows:

People: *The right talent in the right roles with the right skills.*

- We will further develop leadership training.
- We will undertake a review of our terms and conditions, assessing how these compare to the market, to ensure that our offering remains attractive both for our existing employees and for potential ones.
- Design a suitable new appraisal process for the company.
- Further develop our apprentice program.

Ubico Limited

STRATEGIC REPORT

For the year ended 31 March 2023

Operational Excellence: Deliver quality, add value, high standards of financial control and governance and raise awareness and recognition.

- Continue our digital transformation with our connected workforce programme.
- Drive forward our data analysis and reporting capabilities to provide insight and fuel performance and value.
- Review our fleet management requirements.
- Further develop communication plans.
- Develop longer term strategic financial planning models.

Climate: Minimise our environmental impact and support our shareholders to meet their carbon neutral targets.

- Assess and undertake carbon reduction initiatives and integrate these within our strategy and action plan.
- We will continue our work with our partners when evaluating options for fleet replacements and the journey to net zero.

Business Development: Build capability to deliver value to our partnerships.

- Focus on building value from partnership collaboration.
- Evaluate opportunities for growth.

Strategic Report Approval

This report was approved by the board and presented for signing on its behalf on 21 November 2023.

Beth Boughton

Beth Boughton
Managing Director

Ubico Limited

DIRECTORS' REPORT

For the year ended 31 March 2023

The directors submit their report and financial statements of Ubico Limited (the company) for the period 1 April 2022 to 31 March 2023.

Results and Dividends

The loss for the year after taxation amounted to £978k loss (2022 £1,118k loss).

The loss reflects the final salary pension non-cash adjustment.

No dividend has been paid or declared.

Directors

The directors who served during the year were:

Beth Boughton	Managing Director
Christopher Urwin	Finance Director
Robert Heath	Operations Director
William McCarthy	Chairman
Paul Jones	Non-executive Director
Paul Blacker	Non-executive Director
Michael Hammond	Non-executive Director – resigned on 16 th Oct 22
Katherine Lyons	Non-executive Director
Patrick Ricketts	Non-executive Director
David Oakhill	Non-executive Director – appointed on 5 th Apr 2022
Keith Gerrard	Non-executive Director – appointed on 20 th Jan 2023

Directors Indemnity Insurance

The company maintains directors and officers' indemnity insurance on behalf of its directors, this is a qualifying third-party indemnity insurance. This policy was in place for the year and continues to be so.

Directors Responsibilities Statements

The directors are responsible for preparing Strategic report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss 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.
 - 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 the maintenance and integrity of the corporate and financial information included on the company's website.
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Ubico Limited

DIRECTORS' REPORT

For the year ended 31 March 2023

Directors Responsibilities Statements (continued)

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

Future developments

The company has firm commitment from our shareholding local authorities including plans to extend service provided to existing shareholders, providing further opportunity for the partnership to grow and develop. As a result, the directors maintain a high level of confidence for the future of the company.

Financial Instruments

Liquidity Risk

The majority of our turnover is generated from services delivered to our shareholders. We operate with a cash surplus but have access to facilities provided by partners should there be any event that would put a strain on our cashflow.

Credit Risk

As a company wholly owned by local authorities, the company operates in nature as a not-for-profit enterprise. We access funding directly from our local authority owners and manage supply chain credit risk.

Interest Rate Risk

The company has no direct exposure to interest rate risk currently.

Currency

The company has no direct exposure to fluctuation in the value of the pound. We monitor the impact of the valuation of the pound on imported goods and services essential to operations and take appropriate mitigations wherever available.

Streamlined energy and carbon reporting

Ubico recognises our obligation to manage the environmental impact of our business operations and comply with all relevant environmental legislation, including the Streamlined Energy and Carbon Reporting (SECR) scheme. SECR was implemented in April 19 and requires qualifying businesses to comply for financial years starting on or after 1 April 19. This initial SECR report corresponds to our financial year ending March 23.

The Greenhouse Gas (GHG) emissions associated with our core business operations have been measured and verified in accordance with SECR category guidance; Scope 1 (direct resource use), Scope 2 (bought resources for use in our direct operations) and specific Scope 3 emissions (indirect emissions due to business activities). We have also identified appropriate intensity ratios to normalise and monitor our carbon emissions and energy efficiency measures which support our drive to minimise costs and improve productivity

Ubico Limited

DIRECTORS' REPORT

For the year ended 31 March 2023

whilst reducing carbon emissions in line with the UK's target to bring all GHG emissions to net zero by 2050.

Energy Saving Measures

We have taken many positive steps to reduce our impact on climate change by reducing the carbon emissions for our operations including investment in technology to improve eco performance and the procurement of electric vehicles.

The use of hydrotreated vegetable oil (HVO) constituted 5% of our total transport fuel consumption. This fuel produces 90% lower emissions than conventional diesel fuel and saved approximately 234 teCO_{2e} in the year.

In 2022 our fleet team continued to support the purchase of several electric vehicles for our fleets after successfully trialling a battery electric 16 tonne truck mounted sweeper and a 3.5 tonne compact sweeper. We have also installed electric vehicle charging points at 3 sites.

We continue to embed the eco-driver coaching technology utilising vehicle telematics. This software improves efficiency of driver operation and is saving 47 teCO_{2e} per annum. We have also introduced this technology to vehicles in our Cheltenham services.

We have begun conversations with energy consultants to develop a road map to achieve net zero GHG emissions ahead of the government's 2050 legally binding deadline for achieving net zero. The output of planned further workshops in this area will include development of a road map to achieving net zero emissions for our organisation through identification and evaluation of options to achieve carbon reduction pathways across all core areas of our business activities.

Within the last three years, the company's shareholder Councils have declared a climate emergency and made a commitment to become carbon neutral councils. The company is committed to supporting them in their ambitions.

Carbon and reporting data for the year ended 31st March 2023

Element	Detail	Units	Current Reporting Year 2023	Proportion %
Energy consumption used to calculate emissions	Electricity	kWh	514,975	2
	Gas	kWh	258,860	1
	Transport Fuel	kWh	29,071,254	97
Total energy consumption	Total	kWh	29,845,089	100
Emissions from combustion of gas (Scope 1)	Gas	teCO _{2e}	47	1
Emissions from combustion of fuel for company owned fleet (Scope 1)	Transport Fuel	teCO _{2e}	6,728	98
Emissions from grey fleet business travel (Scope 3)	Transport Fuel	teCO _{2e}		
Emissions from purchased electricity (Scope 2 - location based)	Grid Electricity	teCO _{2e}	100	1
Total gross carbon emissions	Total Mandatory	teCO_{2e}	6,875	100
Intensity ratio	Revenue	teCO _{2e} / £100,000	14.3	
Emissions from grid electricity transmission and distribution losses (Scope 3 - location based)	Electricity	teCO _{2e}	9	
Total gross Scope 3 emissions	Total Optional	teCO _{2e}	9	
Total annual net emissions (Scope 1,2 and 3)	Total Optional	teCO_{2e}	6,884	
Additional Intensity Ratios	Employee Carbon	teCO _{2e} / FTE	7.8	

The above table shows the Gross GHG emissions associated with our combined business operations during this second SECR period were 6,875 tonnes of carbon dioxide equivalents

Ubico Limited

DIRECTORS' REPORT

For the year ended 31 March 2023

(teCO₂e). 97% of our emissions are attributable to our company owned transport fleet and the remaining 3% is associated with energy use in our buildings. This ratio indicates that our future carbon reduction strategy should focus heavily on our transport fleet.

We have chosen to expand the scope of our reporting to exceed the mandatory requirement by including emissions associated with the transmission of electricity to site. Our Net annual emissions have been calculated by adding this figure to the gross emissions and in future years we will look to subtract any carbon offsetting or renewable energy generation that we can procure as part of our wider sustainability goals. Under this optional methodology our gross annual emissions are 6,884 teCO₂e. During this second SECR period it is not a requirement to make a performance comparison against the previous year. The setting of a programme baseline datum will be reviewed in year 3 to account for reductions in business productivity resulting from COVID 19 restrictions.

Emission Intensity Ratios

Current government environmental reporting guidance recommends the development of at least 2 Key Performance Indicators (KPIs) associated with key environmental impacts. We have identified 2 intensity ratios which divide our carbon emissions by an appropriate normalisation factor to enable performance tracking over time and comparison against organisations operating in equivalent sectors. We hope to use the employee based indices to promote employee engagement with our company mission to minimise our impact on the environment.

- Carbon emissions per £100k Turnover: 14.3 teCO₂e / £100k
- Carbon emissions per Full Time Employee: 7.8 teCO₂e/FTE

Calculation Methodology

Our carbon emissions have been calculated in accordance with 2022 GHG Emissions Factors provided by the UK Government and the WRI GHG Reporting Protocol methodology.

Baseline Calculation Methodology

As our second SECR reporting year has occurred during a period affected by COVID 19 it will not be a suitable year to assign as a baseline year against which future energy saving measures are evaluated. We will therefore continue to monitor the baseline in future years and will develop a suitable baseline calculation methodology to account for business as usual levels of productivity.

Financial risk management objectives and policies

The company continues to seek and adopt recognised best practice in the identification, evaluation and cost-effective control of risks and opportunities to ensure that these are managed at acceptable levels.

Risk management within the company is about managing our threats and opportunities and striving to create an environment of 'no surprises'. By managing our threats effectively, we will be in a stronger position to deliver our business objectives. By managing our opportunities, we will be in a better position to demonstrate improved services and value for money.

Ubico Limited

DIRECTORS' REPORT

For the year ended 31 March 2023

Our Strategic Risk Management Objectives:

- Maintain a strategic approach to risk management to make better informed decisions.
- Board and Senior Management set a 'tone from the top' on the level of risk we are prepared to accept - our 'risk appetite'.
- Use risk management to enable consistent appraisal of options and improved flexibility/agility in delivering change.
- Develop leadership capacity and skills to ensure understanding of the risks facing the company and how we manage them.
- Integrate risk management into how we run the company business/services.
- Develop a culture of well-measured risk taking throughout the company, including strategic, programme, partnership, project and operational.

Engagement with employees

The company has a policy of engaging with employee representatives as appropriate. There are also structured communications channels to ensure employees are aware of current events and issues.

Equality, diversity, and inclusion

The company and its board are committed to encouraging equality, diversity and inclusion among our workforce, and eliminating unlawful discrimination by demonstrating its day-to-day behaviours and interactions with colleagues, stakeholders, suppliers and customers.

The aim is for our workforce to be truly representative of all sections of society and our customers, and for each employee to feel respected and able to give their best.

Post balance sheet events

There have been no significant events impacting the company since year end.

Disclosure of information to auditor

In so far as each of the directors is aware:

- There is no relevant audit information of which the company's auditors are unaware; and
- The directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditors

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

This report was approved by the board and presented for signing on its behalf on 21st November 2023.

Beth Boughton

Beth Boughton
Managing Director

Ubico Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UBICO LIMITED For the year ended 31 March 2023

Opinion

We have audited the financial statements of Ubico Limited (the 'company') for the year ended 31 March 2023, which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 March 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Ubico Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UBICO LIMITED
For the year ended 31 March 2023

Conclusions relating to going concern (continued)

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the Company's business model including effects arising from macro-economic uncertainties such as current inflationary pressures, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

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. 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Ubico Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UBICO LIMITED
For the year ended 31 March 2023

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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 8, 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.

Ubico Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UBICO LIMITED For the year ended 31 March 2023

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- The Company is subject to many laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements. We identified Financial Reporting Standard 102 and the Companies Act 2006, as those most likely to have a material effect if non-compliance were to occur.
- We obtained an understanding of how the Company is complying with significant legal and regulatory frameworks through inquiries of management.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur. We considered the opportunity and incentives for management to perpetrate fraud, and the potential impact on the financial statements.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - the Company's operations, including the nature of its revenue sources, products, and services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
 - the Company's control environment.
 - the Company's relevant controls over areas of significant risks; and
 - the Company's business processes in respect of classes of transactions that are significant to the financial statements.
- Audit procedures performed by the engagement team included:
 - testing manual journal entries, in particular journal entries relating to management estimates and entries determined to be large or relating to unusual transactions; and
 - identifying and testing related party transactions.
- These procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

Ubico Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UBICO LIMITED For the year ended 31 March 2023

- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included:
 - consideration of the engagement team's understanding of, and practical experience with, audit engagements of a similar nature and complexity.
 - appropriate training, knowledge of the industry in which the Company operates; and
 - understanding of the legal and regulatory requirements specific to the Company.
- We communicated relevant laws and potential fraud risks to all engagement team members and remained alert to any indicators of fraud or non-compliance with laws and regulations throughout the audit.

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

Use of 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.

Grant Thornton UK LLP

Dylan Rees ACA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cardiff

Date: 21/11/2023

Ubico Limited

STATEMENT OF COMPREHENSIVE INCOME For the year ended 31 March 2023

	Note	2023 £'000	2022 £'000
Turnover	4	49,837	37,564
Cost of Sales		(46,073)	(34,731)
Gross Profit		3,764	2,833
Administrative expenses		(3,564)	(2,613)
Defined benefit pension service costs and contributions		(982)	(1,059)
Operating loss		(782)	(839)
Interest receivable and similar income	6	881	607
Interest payable and similar charges	6	(1,077)	(886)
Loss before tax		(978)	(1,118)
Tax on loss	8	-	-
Loss for the financial year		(978)	(1,118)
Other comprehensive income / (loss) for the year			
Actuarial gain / losses on the defined benefit pension scheme	20	9,896	4,190
Pension surplus not recognised	20	(8,918)	(658)
Total comprehensive income / (loss) for the financial year		-	2,414

There were no recognised gains and losses for 2023 or 2022 other than those included in the Statement of Comprehensive Income.

The loss reflects non-cash adjustments in respect of the defined benefit pension scheme.

The notes on pages 22 to 37 form part of these financial statements.

Ubico Limited

STATEMENT OF FINANCIAL POSITION As at 31 March 2023

	<i>Note</i>	2023	2022
		£'000	£'000
FIXED ASSETS			
Tangible assets	9	13,583	11,714
CURRENT ASSETS			
Inventories	10	257	172
Debtors	11	4,380	875
Cash at bank and in hand	12	1,960	2,707
		6,597	3,754
CURRENT LIABILITIES			
Creditors: Amounts falling due within one year	13	(10,092)	(6,776)
NET CURRENT LIABILITIES		(3,495)	(3,022)
TOTAL ASSETS LESS CURRENT LIABILITIES		10,088	8,692
Creditors: Amounts falling due after one year	14	(9,989)	(8,593)
Net pension asset / (liability)	20	-	-
NET ASSETS / (LIABILITIES)		99	99
CAPITAL AND RESERVES			
Called up share capital	18	-	-
Profit & loss account	19	-	-
Other reserve	19	99	99
		99	99

These financial statements were approved and authorised for issue by the board of directors for signing on its behalf on 21st November 2023 and signed on their behalf by:

Beth Boughton
Beth Boughton

Managing Director

Chris Urwin
Chris Urwin

Director

The notes on pages 22 to 37 form part of these financial statements.
Company Registration No. 07824292

Ubico Limited

STATEMENT OF CHANGES IN EQUITY For the year ended 31 March 2023

	Called-up Share Capital £'000	Profit & Loss Account £'000	Other Reserve £'000	TOTAL £'000
At 1 April 2021	-	(2,414)	-	(2,414)
Loss for the year	-	(1,118)	-	(1,118)
Actuarial gain / losses on the defined benefit pension scheme	-	4,190	-	4,190
Pension surplus not recognised	-	(658)	-	(658)
Total comprehensive income for the year	-	-	-	-
Capital receipts			99	99
At 31 March 2022	-	-	99	99
Loss for the year	-	978	-	-
Actuarial gain / losses on the defined benefit pension scheme	-	9,896	-	-
Pension surplus not recognised	-	8,918	-	-
Total comprehensive income for the year	-	-	-	-
Capital receipts				
At 31 March 2023	-	-	99	-

The notes on pages 22 to 37 form part of these financial statement

Ubico Limited

STATEMENT OF CASH FLOWS For the year ended 31 March 2023

	2023	2022
	£'000	£'000
Cash flows from Operating Activities		
Loss for the financial year	(978)	(1,118)
Adjustments for:		
Depreciation of tangible assets	3,801	3,063
Interest paid	1,077	886
Interest received	(881)	(607)
(Increase) / decrease in debtors	(3,504)	(147)
Increase / (decrease) in creditors	2,840	(1,958)
(Increase) / decrease in inventories	(85)	(41)
Difference between pension charge and cash contributions	982	1,118
Cash flow from Operations	3,252	1,196
Tax paid	-	-
Net cash flow from Operating Activities	3,252	1,196
Cash flows from Investing Activities		
Fixed Asset Additions	(5,671)	(1,728)
Interest received	18	4
Capital receipts from partner	-	154
Capital payments to partner	-	(54)
Net cash flow from Investing Activities	(5,653)	1,624
Cash flows from Financing Activities		
(Repayment) increase of finance lease obligations	1,872	(1,330)
Interest paid	(218)	(224)
Net cash flow from Financing Activities	1,654	(1,554)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(747)	(1,982)
Cash and Cash Equivalents at 1 April	2,707	4,689
Cash and Cash Equivalents at 31 March	1,960	2,707

The notes on pages 22 to 37 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

1. GENERAL INFORMATION

The company is registered under the Companies Act 2006 and was incorporated on 26 October 2011. The accounting period covers the financial year to 31 March 2023.

The company is a private company limited by share capital and is incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales.

The address of the registered office is given in the officers and professional advisers section of these financial statements.

The functional currency of Ubico Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

Monetary amounts contained in these financial statements are rounded up to the nearest thousand £ unless stated otherwise.

2. ACCOUNTING POLICIES

Basis of Accounting

These financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland, and with the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

Going Concern

The financial statements have been prepared on a 'going concern' basis, notwithstanding net current liabilities of £3,495,000 (2022: £3,022,000) and net assets of £99,000. The directors believe this to be appropriate as they have no reason to believe that continued support will not be made available by the company's shareholders if necessary.

We are facing new challenges brought about by the global supply and energy challenges which have been intensified by events in Ukraine. The company and all its partners are delivering well in these challenging circumstances. It is clear that there could be significant longer-term impacts which may result in changes to the services Ubico delivers. The company will continue to work closely with our partners to face any such challenges together.

The directors have a reasonable expectation that the company has adequate resources and the backing of its partners to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the annual financial statements.

Turnover

Turnover comprises service income receivable in the year from the partner shareholders, income from non-shareholding council business, external bodies and other ad-hoc income streams included at the invoiced value (excluding VAT) of goods and services supplied in the year.

Turnover is recognised as contract activity progresses, and as the right to consideration is earned. The fair value of the income receivable reflects the amount expected to be recovered from clients and is based on time spent, skills and expertise provided, and expenses incurred.

Interest payable

Interest is payable on the finance leases for vehicles, plant and equipment utilised by the company which are owned by partner shareholders.

The interest payable is charged to profit or loss on ordinary activities in the year.

Tangible fixed assets

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

Assets with a cost of less than £10,000 are treated as de-minimus and may not be capitalised, except where the sum of a group of similar assets together have a value in excess of this.

Depreciation

Depreciation is charged so as to allocate the cost of fixed assets (less their residual value) over the estimated useful life of the asset. Assets are depreciated over the following lives, using the straight-line method as follows:

Vehicles and plant	14% straight line (7 years)
Equipment	10% straight line (10 years)

For assets in existence at 1 April 2013, when Ubico was formed, asset valuations and useful lives were estimated by the Ubico Fleet Services Manager at the point of transfer. Assets acquired after 1 April 2013 have been capitalised at their purchase price.

For any purchases of 'used' assets, the useful life of the asset will be determined at the point of acquisition.

Inventory

Inventory is valued at the lower of cost and net realisable value, being estimated selling price less cost to complete and sell. Cost is based on the cost of purchase on a first in first out basis. At each reporting date, inventory is assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less cost to complete and sell. The impairment loss is recognised immediately in profit or loss.

Leasing

Assets held under finance leases (those where substantially all the risks and rewards of ownership of the asset have passed to the company) are capitalised in the Statement of Financial Position and depreciated over their useful lives. The corresponding lease obligation is treated in the Statement of Financial Position as a liability. The interest element of the lease obligations is charged to profit or loss on ordinary activities over the period of the lease.

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight-line basis over the lease term.

Taxation

Ubico is wholly owned by local authority partner councils. As a result, any surplus generated in-year is returned to the partner councils at the end of the year. Surplus is subject to taxation.

Current and deferred tax is recognised in the Statement of Comprehensive Income.

The charge for taxation is based on the profit for the period and is measured at the amounts expected to be paid based on the tax rates and laws substantively enacted at the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary 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.

As a company owned by local authority partners and operating a model where surpluses are returned to the partners, it is not seen as probable that taxable profits will be available against which deferred tax assets would be recognised in the foreseeable future.

Value Added Tax

The company charges value added tax (VAT) on all of its income and is able to recover all of the VAT it incurs on expenditure. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.

Pensions

The company operates a contributory pension scheme, of the defined benefit type, for employees. The scheme is administered by Gloucestershire County Council and is independent of the company finances. Contributions are paid to the scheme in accordance with the recommendations of an independent actuary in order that the benefits accruing in respect of current and future service can be met.

The liability recognised in the Statement of Financial Position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets at the reporting date.

Pension scheme assets are measured at fair value in accordance with the FRS 102 fair value hierarchy. Liabilities are measured using a projected unit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liability.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised as a finance expense.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions, together with the return on plan assets (excluding amounts in net interest), are charged or credited to other comprehensive income or expenditure.

The scheme's surpluses, to the extent that they are considered recoverable, or deficits, are recognised in full and presented on the face of the Statement of Financial Position.

The company also offers a stakeholder pension administered by Royal London. Employee contributions are matched by employer's contributions.

Cash and cash equivalents

Cash comprises cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Debtors

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

Creditors

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

Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Income statement.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Depreciation

The company exercises judgement to determine useful lives and residual values of tangible fixed assets. The assets are depreciated down to their residual values over their estimated useful lives.

Basis of preparation of the financial statements

As per the accounting policy within note 2 above management is of the opinion that the preparation of the financial statements on a going concern basis is reasonable.

Valuation of pension schemes

The company participates in a defined benefit Local Government Pension Scheme ('LGPS'), administered by Gloucestershire County Council. The accounting cost of these benefits and the present value of the pension liability involve judgements about uncertain events including such factors as the life expectancy of the members, salary progression or current employees, price inflation and the discount rate used to calculate the present value of the future pension payments. The assumptions reflect historical experience and judgement regarding future expectations and external actuary specialists are also used to assist.

Assets acquired by member councils and used by the company

Historic arrangements are in place, under which the company uses assets acquired by the member councils. These arrangements have been accounted for as finance leases on the basis that the total lease payments during the term of the agreement are equal to the value of the associated assets. The associated credit balance has been recognised as a finance lease liability despite the fact that formal lease agreements are not in place as management considers that the substance of the agreements are leases.

Management is of the opinion that this accounting treatment is appropriate based on the substance of the agreements.

4. ANALYSIS OF TURNOVER

	2023	2022
	£'000	£'000
Turnover by activity:		
Service level agreements	48,475	35,406
Other partner income	1,122	1,912
Other Income	240	246
	49,837	37,564

All turnover is generated in the United Kingdom.

5. OPERATING LOSS

Operating loss is stated after charging the following:

	2023	2022
	£'000	£'000
Depreciation of tangible assets	3,801	3,063

The fees payable to the company's auditor and its associates for the audit of the company's annual financial statements.

	2023	2022
	£'000	£'000
External audit costs	48	41
Statutory audit		

6. INTEREST RECEIVABLE AND PAYABLE

	2023	2022
	£'000	£'000
Interest payable		
Finance lease interest payable	218	224
Defined benefit interest cost	859	662
	1,077	886

	2023	2022
	£'000	£'000
Interest receivable		
Other interest receivable	18	4
Defined benefit interest income	863	603
	881	607

7. EMPLOYEES and DIRECTORS REMUNERATION

Staff costs, including directors' remuneration, during the year were as follows:

	2023	2022
	£'000	£'000
Wages and salaries	23,146	17,028
Employer's NI contributions	2,177	1,493
Employer's superannuation payments	1,005	613
	<u>26,328</u>	<u>19,134</u>

Employees are entitled to participate in a retirement benefit scheme. The company participates in two schemes:

- The Local Government Pension Scheme ('LGPS'), a defined benefit scheme. This is a closed scheme for new employees unless the Transfer of Undertakings (Protection of Employment) Regulations 2006 apply.
- A stakeholder pension administered by Royal London. Employee contributions are matched by employer's contributions to a maximum of 4%.

The average monthly number of employees, including the directors, during the period was as follows:

	2023	2022
	Number	Number
Administrative staff	46	45
Operational staff	834	653
	<u>880</u>	<u>698</u>

Remuneration in respect of directors (excluding non-executives) was as follows:

	2023	2022
	£'000	£'000
Emoluments	294	281
Employer's superannuation payments	7	7
	<u>301</u>	<u>288</u>

The amounts above include remuneration in respect of the highest paid director as follows:

	2023	2022
	£'000	£'000
Emoluments	116	114
	<u>116</u>	<u>114</u>

During the year, retirement benefits were accruing to 2 (2022: 2) directors in respect of defined contribution pension schemes.

The total compensation paid to non-executive directors during the period was £22,000 (2022: £21,000).

8. TAXATION

Tax on profit on ordinary activities

a) Analysis of charge in period

	2023 £'000	2022 £'000
Current tax:		
UK Corporation tax on profits of period	-	-
Corporation tax adjustment re: tax liability	-	-
	<u>-</u>	<u>-</u>
Deferred tax:		
Total deferred tax	-	-

Analysis of Charge in Period

	2023 £'000	2022 £'000
Reconciliation of tax charged in the period		
Loss for the period	(978)	(1,118)
Tax on loss at standard UK tax rate of 19.00%	(186)	(212)
Effects of:		
Expenses not deductible	187	136
Amounts not recognised	(1)	76
Tax charge for the period	-	-

b) Factors that may affect future tax changes

The standard rate of corporation tax in the UK at the balance sheet date is 19%. The corporation tax rate for the Company for the full period was 19% (2022: 19%). The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023 as enacted by the Finance Act 2021. As these changes have been substantively enacted at the balance sheet date, we have reflected this in the measurement of deferred tax balances at the period end, not recognised. The increased corporation tax rate from 1 April 2023 will impact the Company's future tax charge accordingly.

9. TANGIBLE FIXED ASSETS – VEHICLES, PLANT AND EQUIPMENT

	2023	2022
	£'000	£'000
Gross cost or valuation		
Opening balance - 1 April	26,720	24,992
Additions	5,670	1,728
Disposal	-	-
	<u>32,390</u>	<u>26,720</u>
Accumulated depreciation		
Opening balance - 1 April	(15,006)	(11,944)
Depreciation charge for the year	(3,801)	(3,063)
	<u>(18,807)</u>	<u>(15,006)</u>
Net book value of assets		
Opening balance - 1 April	11,714	13,048
Closing balance - 31 March	13,583	11,714

Ubico Limited has no land, property, or investment property assets.

10. INVENTORIES

Ubico Ltd holds a small number of consumable stocks and stores. These can be broken down as follows:

	2023	2022
	£'000	£'000
Consumables - fuel stores	173	96
Other stocks and stores	84	76
	<u>257</u>	<u>172</u>

11. DEBTORS

	2023	2022
	£'000	£'000
Cheltenham Borough Council	600	65
Cotswold District Council	895	121
Forest of Dean District Council	112	19
Gloucester City Council	1,209	128
Gloucestershire County Council	134	71
Stroud District Council	595	101
Tewkesbury Borough Council	198	19
West Oxfordshire District Council	472	128
	<u>4,215</u>	<u>651</u>
Amount due from shareholders	4,215	651
Other trade debtors	165	145
Taxation and social security	-	79
	<u>4,380</u>	<u>875</u>

12. CASH and CASH EQUIVALENTS

	2023	2022
	£'000	£'000
Cash and cash equivalents	<u>1,960</u>	<u>2,707</u>
	1,960	2,707

13. CREDITORS - due within one year

	2023	2022
	£'000	£'000
Cheltenham Borough Council	332	433
Cotswold District Council	674	1,432
Forest of Dean District Council	270	32
Gloucester City Council	1,431	-
Gloucestershire County Council	46	266
Stroud District Council	1,097	-
Tewkesbury Borough Council	15	40
West Oxfordshire District Council	979	414
Amount owed to shareholders	<u>4,844</u>	<u>2,617</u>
Other trade creditors	6	248
Amounts due under finance leases	3,588	3,112
Taxation and social security	470	-
Other creditors	1,184	799
	<u>10,092</u>	<u>6,776</u>

14. CREDITORS - due in greater than one year

	2023	2022
	£'000	£'000
Amounts due under finance lease obligations	<u>9,989</u>	<u>8,593</u>
	9,989	8,593

15. OBLIGATIONS UNDER FINANCE LEASES

The total obligations under finance leases shown below include interest payable under the agreements in place. The timing of those obligations is as follows:

	2023	2022
	£'000	£'000
Amounts payable		
Within one year	3,588	3,112
Within two to five years	8,756	7,715
After five years	1,233	878
	<u>13,577</u>	<u>11,705</u>

16. RELATED PARTY TRANSACTIONS

Services provided by Ubico Ltd:

Ubico Limited (the company), is a not-for-profit company limited by shares, that provides environmental services across Gloucestershire and Oxfordshire. Of its clients, Cheltenham Borough Council, Cotswold District Council, West Oxfordshire District Council, Tewkesbury Borough Council, Forest of Dean District Council, Stroud District Council, Gloucestershire County Council and Gloucester City Council are all shareholders in the company.

During the period the company supplied services to the Councils totalling £49.6m (2022: £37.3m).

Balances outstanding with shareholders are shown in either the debtors or creditors notes in the financial statements.

Services provided to Ubico Ltd:

Publica (Group) Support Limited provides Finance, IT, Payroll, Health & Safety and Human Resources services to Ubico Ltd. Publica is a Teckal company owned by Cotswold District Council, West Oxfordshire District Council, Forest of Dean District Council and Cheltenham Borough Council.

'One Legal' provides Legal Services to Ubico Ltd. 'One Legal' is a collaboration involving Cheltenham Borough Council, Tewkesbury Borough Council, Stroud District Council and Gloucester City Council.

ARA provide Internal Audit Services to Ubico Ltd. ARA, is a collaboration involving Gloucestershire County Council, Gloucester City Council and Stroud District Council.

These services are all provided under Service Level Agreements.

The company purchased goods and services of £7.79m (2022: £6.61m) from the Councils during the period.

Balances outstanding with shareholders are shown in either current debtors or creditors.

Key management personnel compensation:

The compensation paid to key management personnel is disclosed in Note 7 of the financial statements.

17. FINANCIAL INSTRUMENTS

	2023	2022
	£'000	£'000
Financial assets measured at amortised cost	6,340	3,503
Financial liabilities measured at amortised cost	(19,611)	(15,369)

Financial assets measured at amortised cost comprise cash and cash equivalents amounts due from Shareholders and other trade debtors.

Financial liabilities measured at amortised cost comprise finance lease obligations, trade creditors, other creditors and amounts owed to shareholders.

18. SHARE CAPITAL

	2023	2022
	£	£
Authorised, issued and fully paid -		
Ordinary shares of £1	8	8

The company is a local authority company limited by shares, with each council having equal voting rights. It is governed by its memorandum and articles of association. The shareholders are listed in the company's Register of Members. The liability, as set out in the memorandum of association, is limited to £1 per member of the company.

19. RESERVES**Profit and loss account**

This reserve includes all current and prior period retained profits and losses, including all current and prior period actuarial gains and losses and other comprehensive income items relation to the defined benefit pension scheme.

Other reserve

This reserve includes all current and prior period movements relating to capital contributions from partners upon joining.

20. PENSIONS

As part of the terms and conditions of employment, employees of Ubico Ltd are entitled to participate in a retirement benefit scheme. The company participates in two schemes:

- the Local Government Pension Scheme ('LGPS'), administered by Gloucestershire County Council. This is a funded scheme, meaning that both employer and employees pay contributions into the fund, calculated at a level that is estimated to balance the pensions' liabilities with investment assets. This is a closed scheme for new employees unless the Transfer of Undertakings (Protection of Employment) Regulations 2006 apply.

- a stakeholder pension administered by Royal London. Employee contributions are matched by employer's contributions to a maximum of 4%.

Local Government Pension Scheme

The following figures for the defined benefit Local Government Pension Scheme have been prepared by the actuary as 31 March 2023 in compliance with the provisions of FRS 102 and based on the most recent 2022 full actuarial valuation.

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2021 model, with a 10% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long-term rate of improvement of 1.5% p.a. for both males and females. Based on these assumptions, the average future life expectancies at age 65 for the Employer are summarised below:

	Males	Females
Current Pensioners	20.3 years	23.5 years
Future Pensioners*	20.8 years	25.9 years

*Figures assume members aged 45 as at the last formal valuation date.

Reconciliation of present value of plan liabilities

	2023 £'000	2022 £'000
Opening position 1 April	(31,490)	(32,731)
Current service costs	(1,000)	(1,076)
Defined benefit interest cost	(859)	(662)
Plan participant contributions	(145)	(138)
Benefits paid	459	414
Remeasurements	11,576	2,703
Closing position 31 March	(21,459)	(31,490)

Reconciliation of fair value of plan assets

	2023 £'000	2022 £'000
Opening position 1 April	32,148	30,317
Interest on plan assets	863	603
Plan participant contributions	145	138
Employer contributions	18	17
Benefits paid	(459)	(414)
Remeasurements	(1,680)	1,487
Closing position 31 March	31,035	32,148
Net re-measurements of plan assets	9,896	4,190

Composition of plan assets

Period Ended	31 Mar 2023	31 Mar 2022
Equities	64%	66%
Bonds	22%	21%
Property	12%	10%
Cash	2%	3%

	2023	2022
	£'000	£'000
Fair value of plan assets	31,035	32,148
Present value of plan liabilities	(21,459)	(31,490)
Pension surplus not recognised	<u>(9,576)</u>	<u>(658)</u>

The employer's share of the Gloucestershire County Council Fund plan assets as at 31 March 2023 is £31,035,000 (31 March 2022: £32,148,000) as provided by the Administering Authority.

The amounts recognised in the Statement of Comprehensive Income are as follows:

	2023	2022
	£'000	£'000
Current service cost	(1,000)	(1,076)
Net interest (expense) / income	<u>4</u>	<u>(59)</u>
	(996)	(1,135)
Re-measurement of net defined benefit liability	<u>9,896</u>	<u>4,190</u>
	<u>8,900</u>	<u>3,055</u>

Assumptions

The major assumptions used by the Actuary in assessing scheme liabilities were as follows:

Period Ended	31 Mar 2023	31 Mar 2022
	% p.a.	% p.a.
Pension Increase Rate (CPI)	2.95%	3.20%
Salary Increase Rate	3.45%	3.50%
Discount Rate	4.75%	2.70%

21. COMMITMENTS UNDER OPERATING LEASES

The total future minimum lease payments under non-cancellable operating leases at 31 March 2023 was as follows:

	2023	2022
	£'000	£'000
Amounts payable:		
Within one year	257	36
Within two to five years	535	72
After five years	-	-
	792	108

22. CONTROLLING PARTIES

The company is wholly owned by the eight Member Councils, Cheltenham Borough Council, Cotswold District Council, Forest of Dean District Council, Gloucester City Council, Gloucestershire County Council, Stroud District Council, Tewkesbury Borough Council and West Oxfordshire District Council.

23. ANALYSIS OF CHANGES IN NET DEBT

	1st April	Cash	Other	31st March
	2022	flows	movements	2023
	£'000	£'000	£'000	£'000
Cash and cash equivalents	2,707	(747)	-	1,960
Finance leases	(11,705)	(1,654)	(218)	(13,577)