

Newham Learning Partnership (Hold Co) Limited

Directors' report and consolidated financial statements for the year to 31 March 2011

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Directors, officers and advisers

Directors	David Baldock Peter Chappell Stephen Hockaday Lisa Scenna Adam Waddington Edward Warwick
Company secretary	Stephen Sullivan
Registered number	4718227
Registered office	Bridge Place Anchor Boulevard Admirals Park Crossways Dartford Kent DA2 6SN
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London WC2N 6RH
Bankers	Aviva Commercial Finance Limited PO Box 21 Surrey Street Norwich NR1 3NJ Bank of Scotland New Usher House 11 Earl Grey Street Edinburgh EH3 9BN
Solicitors	Bevan Brittan Fleet Place House 2 Fleet Place Holborn Viaduct London EC4M 7RF
Insurance consultants	Jardine Lloyd Thompson Limited 8 Crutched Friars London EC3N 2PH

Directors' report for the year ended 31 March 2011

The directors present their report together with the audited consolidated financial statements of Newham Learning Partnership (Hold Co) Limited for the year to 31 March 2011

References to the "company" are to Newham Learning Partnership (Hold Co) Limited. References to the "group" are to Newham Learning Partnership (Hold Co) Limited and its wholly owned subsidiary Newham Learning Partnership (Project Co) Limited

Principal activities and review of the business

On 12 June 2009 the company issued 1000 Ordinary share of £1. The company commenced business on 19 June 2009 as the holding company for Newham Learning Partnership (Project Co) Limited, a company whose activities include the provision of construction and maintenance services for two secondary schools in Newham (London, England) under a Private Finance Initiative (PFI) contract. The schools included under the PFI contract are Rokeby Community School and Lister Community School – both schools were handed over to the Authority in line with the contract during August 2010.

Newham Learning Partnership (Project Co) Limited's operations are managed under the supervision of its shareholders and funders and are largely determined by the detailed terms of the PFI contract which stipulates key performance criteria on operational activities. For this reason, the company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the performance or position of the business.

Results and dividends

The results for the financial year are set out on page 7.

The group's profit for the financial year was £223,000 (2010 - £151,000). Total capital and reserves of the company at 31 March 2011 were £375,000 (2010 - £152,000).

The directors consider the performance of the company and of the group during the financial year, the financial position at the end of the year and the projection of the future to be satisfactory.

No dividends were declared during the year.

Principal risks and uncertainties

Newham Learning Partnership (Hold Co) Limited is the holding company for its subsidiary Newham Learning Partnership (Project Co) Limited. The subsidiary has taken on the activity, as detailed above, and is risk averse in its trading relationships with its customer, funders and sub-contractors as determined by the terms of their respective detailed PFI contracts. In extreme circumstances, the company could be exposed to subcontractors failing to perform their obligations, however these risks are managed and mitigated through close monitoring of subcontractor operations by the company and by management making site visits and regular contract review meetings.

Financial risk management

The group has exposure to a variety of financial risks which are managed with the objective of minimising any potential adverse effect on the group's performance. The directors have policies for managing each of these risks and they are summarised below.

Interest rate risk

The senior debt interest rate is fixed - details of this can be found on page 13.

Inflation risk

The group's project revenue and most of its costs were linked to inflation at the inception for the project, resulting in the project being largely insensitive to inflation.

Liquidity risk

The group adopts a prudent approach to liquidity management by endeavouring to maintain sufficient cash and liquid resources to meet its obligations as they fall due. The PFI is operating under contract with cash managed through funding drawdown schedules set against the construction programme.

Credit risk

The principal customer of the group, Newham Metropolitan Borough Council, carried little credit risk.

All debt finance is approved by the Board of directors and the amount of exposure to any individual counterparty is subject to a limit.

Going Concern

The Directors believe that preparing the accounts on the going concern basis is appropriate due to the continued financial support of the ultimate parent undertakings, which are a joint venture of Laing O'Rourke PLC (68% shareholding), the London Borough of Newham (10% shareholding), Building Schools for the Future Investments LLP (10% shareholding) and RM PLC (12% shareholding). The directors have received confirmation that these undertakings intend to support the company for at least one year after these financial statements are signed.

Directors

The directors of the company during the year, and up to the date of signing the financial statements, are set out below

David Baldock
Peter Chappell
Stephen Hockaday - appointed 9 November 2010
Richard Hoile - resigned 12 August 2011
David Hunter - resigned 9 November 2010
Robin Hutchings - resigned 9 November 2010
Lisa Scenna
Adam Waddington - appointed 12 August 2011
Edward Warwick - appointed 9 November 2010

Statement of directors' responsibilities

The directors are responsible for preparing the report of the directors 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 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 group and of the profit or loss of the group 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,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to auditors

In accordance with section 418 of the Companies Act 2006, in the case of each director in office at the date the directors' report is approved, that:

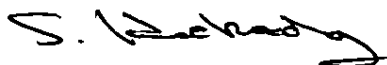
- (a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- (b) he/she has taken all the steps that he ought to have taken as a director in order to make him/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, were appointed as the company's auditors on 27 January 2011. The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

Approval

This report was approved by the Board on 30th November 2011 and signed by order of the Board



Director, Stephen Hockaday

Independent auditors' report to the members of Newham Learning Partnership (Hold Co) Limited

We have audited the group and parent company financial statements (the "financial statements") of Newham Learning Partnership (Hold Co) Limited for the year ended 31 March 2011 which comprise the group profit and loss account, the group and parent company balance sheets, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report and consolidated financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2011 and of the group's profit and cash flows 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.

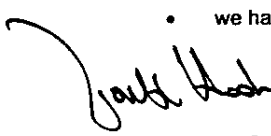
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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


Jonathan Hook (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

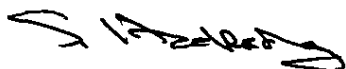
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Date

Balance sheets as at 31 March 2011

	Note	Group	Company	Group	Company
		2011 £'000	2011 £'000	2010 £'000	2010 £'000
Fixed Assets					
Investments	6	-	1	-	1
		-	1	-	1
Current Assets					
Stocks and work in progress	7	-	-	49,345	-
Debtors due within one year	8	1,252	-	430	-
Debtors due after one year	8	56,861	-	-	-
Cash at bank and in hand		482	-	8,020	-
		58,595	1	57,795	1
Creditors – amounts falling due within one year	9	(2,295)	-	(3,002)	-
Net current assets		56,300	-	54,793	-
Total assets less current liabilities		56,300	1	54,793	1
Creditors – amounts falling due after more than one year	10	(55,925)	-	(54,641)	-
Net assets		375	1	152	1
Capital and reserves					
Called up share capital	11	1	1	1	1
Profit and loss account	12	374	-	151	-
Total shareholders' funds	13	375	1	152	1

The financial statements on pages 7 – 16 were approved by the Board on 30th November 2011 and signed on its behalf by



Stephen Hockaday, Director

Group profit and loss account for the year ended 31 March 2011

	Note	2011 £'000	2010 £'000
Turnover		56,432	305
Cost of sales		(55,927)	(305)
Gross profit		505	-
Administrative expenses		(401)	(2)
Operating profit / (loss)	2	104	(2)
Interest receivable and similar income	3	2,527	211
Interest payable and similar charges	4	(2,322)	-
Profit on ordinary activities before taxation		309	209
Tax on profit on ordinary activities	5	(86)	(58)
Profit for the financial year	11	223	151

All turnover is earned in the UK

All items in the profit and loss account relate to continuing operations

There are no material differences between profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents

The company has no recognised gains and losses other than those shown above and therefore, no separate statement of total recognised gains and losses has been presented

The above profit and loss account has been generated from the activities of Newham Learning Partnership (Project Co) Limited. Due to no income or expenditure arising within Newham Learning Partnership (Hold Co) Limited, it is exempt from presenting a separate company profit and loss account

Consolidated Cash flow Statement for the year ended 31 March 2011

	Note	2011 £'000	2010 £'000
Cash flow statement			
Net cash outflow from operating activities	15	(9,491)	(46,775)
Returns on investments and servicing of finance		205	211
Taxation	5	(86)	(58)
Net cash outflow before financing		(9,372)	(46,622)
Financing			
Issue of share capital		-	1
Increase in borrowings		1,834	54,641
(Decrease)/increase in cash in the year after financing		(7,538)	8,020
Reconciliation of net cash flow to movement in net debt			
(Decrease)/increase in cash in the year		(7,538)	8,020
Loan financing	see above	(1,834)	(54,641)
Non-cash movements		-	-
Net debt at the start of the year		(46,621)	-
Net debt at the end of the year	16	(55,993)	(46,261)

Notes to the financial statements for the year ended 31 March 2011

1 Accounting policies

Basis of preparation of the financial statements

These financial statements are prepared on the going concern basis under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements include the results of the parent company and its subsidiary undertakings for the year to 31 March 2011. Uniform accounting policies are adopted across the group. Unless otherwise stated, the acquisition method of accounting has been applied. Under this method, subsidiaries are included from the date of acquisition. Disposals are accounted for up to the date control passes to a third party. Turnover and profits arising on all intra-group transactions are eliminated on consolidation.

Fixed asset investments

Investments are stated at cost less provision for impairment. Income from investments is included in the group profit and loss account as declared and, where the group's interest has arisen within its core businesses, such income is included within the group's operating results.

Trade and other debtors

Trade and other debtors are initially recorded at fair value and subsequently measured at amortised cost as reduced by appropriate allowances for estimated irrecoverable amounts.

Work in progress, finance debtor and interest receivable

In accordance with the principles of FRS 5 "Reporting the substance of transactions" application note F "Private finance initiatives and similar contracts" the ownership of the tangible asset lies with the purchaser, therefore it is appropriate to recognise the asset as a financial asset.

Work in progress represents the costs arising on the construction of the assets including initial tender costs. During asset construction, finance interest is recognised on an accruals basis and capitalised within work in progress. Once the contract reaches its operational phase and is accepted by the customer, a sale is recognised and the work in progress balance is transferred to finance debtors, recognising that the construction asset has been sold by the company in return for a finance debtor receivable. In addition, a constant proportion of the planned net revenue arising from the contract is allocated to remunerate the finance debtor as an imputed interest receivable. Imputed interest receivable is allocated to the finance debtor using a property specific rate to generate a constant rate of return over the life of the contract. Over the course of the contract term the finance debtor is expected to be repaid.

This method is appropriate since the company has significant property risks during the construction phase of the contract that reduce once construction has been completed.

Loan and overdrafts

Interest bearing bank loans and overdrafts are recognised initially at fair value net of transaction costs incurred and subsequently measured at amortised cost with the difference between initial net proceeds and redemption value recognised in the profit and loss account over the period to redemption.

Debt issue costs

Debt issue costs directly incurred have been offset against the related debt and will be charged to the profit and loss account during the operational phase at a constant carrying value of the debt.

Trade and other creditors

Trade and other creditors are initially recorded at fair value and subsequently measured at amortised cost using the effective interest method.

Deferred income

Deferred income recognised under liabilities covers payments received concerning income in subsequent years.

Turnover

In accordance with the principles of FRS 5, turnover represents income received relating to the operating costs of the company. At the services commencement date, a sale is recognised transferring work in progress to the finance debtor in the profit and loss account. This recognises the change in status from work in progress to a long term receivable. Turnover is measured at the fair value of the consideration received or receivable net of sales tax.

All turnover takes place in the UK.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis

2 Operating profit / (loss)**Services provided by the group's auditors and its associates**

During the financial year the group (and its subsidiaries) obtained the following services from the company's auditors and its associates

	2011 £'000	2010 £'000
Services provided by the group's auditors and its associates		
Fees payable to the company's auditor for the audit of,		
The company's annual accounts and consolidated financial statements	4	5
The company's subsidiary pursuant to legislation	6	5
Audit fees payable to the company's auditor for other services		
Fees payable for other services – tax compliance	2	2

All charges for services provided by the company's auditors are borne by another group company, Newham Transformation Partnership Limited

Employee information

The company had no employees during the year other than directors (2010: none). Employees are charged to the company through a contracted Management Services Agreement and capitalised into the finance debtor receivable during the construction period and expensed to the profit and loss account thereafter

Directors' emoluments

The directors received no emoluments for the financial year (2010: £nil)

3 Interest receivable and similar income

	2011 £'000	2010 £'000
Interest receivable on finance debtor	2,496	-
Bank interest	-	4
Interest receivable on Aviva Guaranteed Investment Contract	31	207
	2,527	211

4 Interest payable and similar charges

	2011 £'000	2010 £'000
Interest on senior debt	3,415	2,643
Interest on senior debt capitalised	(1,138)	(2,643)
Interest on sub-debt	23	-
Bank fees	22	-
	2,322	-

Interest on senior debt and subdebt was capitalised until August 2010 when Rokeby Community School and Lister Community School were handed over to the Authority

5 Taxation on profit on ordinary activities

	2011 £'000	2010 £'000
Current tax		
UK corporation tax on profits for the year at 28%	86	58

The tax assessed for the financial year is the standard effective rate of corporation tax in the UK for the year ending 31 March 2011 of 28% (2010 28%) applied to the profit on ordinary activities before taxation

The standard rate of corporation tax in the UK will change from 28% to 26% with effect from 1 April 2011

6 Fixed asset investments

	Group 2011 £'000	Company 2011 £'000	Group 2010 £'000	Company 2010 £'000
At 31 March	-	1	-	1

On 9 February 2009, the company purchased 100% of the ordinary shares capital of Newham Learning Partnership (Project Co) Limited for a consideration of £1,000

The directors of the company believe the carrying value of the investment is supported by their underlying net assets

At 31 March 2011, the company had the following subsidiaries

Name	Principal activity	Ordinary shares
Newham Learning Partnership (Project Co) Limited	Construction of schools and maintenance services	100%

Newham Learning Partnership (Project Co) Limited is incorporated in England

7 Stocks and work in progress

	2011 £'000	2010 £'000
Work in progress	-	49,345

Work in progress represents the costs incurred in the construction of the two schools, Rokeby Community School and Lister Community School, in accordance with the principles of FRS 5 "Reporting Substance of Transactions" application note F "Private Finance Initiative". Beneficial ownership of the tangible asset lies with the purchaser however significant risks are retained by the company during the construction phase

Work in progress (£49,345,000) was classified as a PFI financial asset in the company's financial statements for the year ended 31 March 2010. The change in classification in this year's financial statements (2010 comparatives) has been done so that the company's accounting policies are in line with those of the group

8 Debtors

Group	2011 £'000	2010 £'000
Debtors due less than one year		
Trade debtors	9	43
Recoverable VAT	59	387
Unitary charge control account	205	-
PFI financial asset	923	-
Prepayments and accrued income	56	-
Total debtors due less than one year	1,252	430
Debtors more than one year		
PFI financial asset	56,861	-
Total debtors	58,113	430

The PFI financial asset represents amounts receivable for the construction of the two schools, Rokeby Community School and Lister Community School, in accordance with the principles of FRS 5 "Reporting substance of transactions" application note F "Private finance initiatives and similar contracts" Beneficial ownership of the tangible asset lies with the purchaser of the services and not with the company as provider of those services

9 Creditors - amounts falling due within one year

Group	2011 £'000	2010 £'000
Loans (see note 10)	550	-
Trade creditors	115	176
Corporation tax	86	58
Building subcontractor accruals and retentions	1,371	1,236
Other accruals and deferred income	173	1,532
	2,295	3,002

10 Creditors – amounts falling due after more than one year

Group	2011 £'000	2010 £'000
Senior debt	54,126	54,641
Sub-debt	1,799	-
	55,925	54,641
Analysis of Debt		
	2011 £'000	2010 £'000
Senior debt	55,174	55,174
Sub-debt	1,814	-
Less unamortised issue costs	(513)	(533)
	56,475	54,641

Maturity of Debt

	2011 £'000	2010 £'000
In one year or less	572	-
In more than one year, but not more than two years	1,357	558
In more than two years, but not more than five years	4,803	4,464
In more than five years	50,256	50,152
	56,988	55,174
Less unamortised issue costs	(513)	(533)
	56,475	54,641

The senior debt repayments are due to commence on the 31 December 2011 in quarterly instalments with the final repayment being due in September 2034. The senior debt has a fixed interest rate of 6.19%.

The company issued £1,793,221 of sub-debt during the financial year (2010 - £nil). At the financial year end there was £20,583 of sub-debt interest rolled up (2010 - £nil). The sub-debt repayments are due to commence on the 31 December 2011 in quarterly instalments with the final repayment being due in September 2035. The sub-debt has a fixed interest rate of 11.75%.

The group holds no derivative financial instruments.

The debts are secured on the assets and shares of the company.

11 Called up share capital

	Group 2011 £'000	Company 2011 £'000	Group 2010 £'000	Company 2010 £'000
Authorised				
1000 (2010 1000) ordinary shares of £1 (2010 £1) each	1	1	1	1
Allotted and fully paid				
1000 (2010 1000) ordinary shares of £1 (2010 £1) each	1	1	1	1

The company received £1,000 in consideration for the shares. There were no associated transaction costs.

12 Profit and loss account

	Group 2011 £'000	Company 2011 £'000	Group 2010 £'000	Company 2010 £'000
Balance at 1 April 2001	151	-	-	-
Profit for the financial year	223	-	151	-
Balance at 31 March	374	-	151	-

13 Reconciliation of movements in shareholders' funds

	Group	Company	Group	Company
	2011 £'000	2011 £'000	2010 £'000	2010 £'000
Opening shareholders' funds at 1 April	152	1	1	1
Profit for the financial year	223	0	151	-
Closing shareholders' funds at 31 March	375	1	152	1

14 Ultimate parent undertaking and controlling parties

Newham Learning Partnership (Hold Co) Limited is owned by Newham Learning Partnership PSP Limited (72% shareholding), Newham Transformation Partnership Limited (10% shareholding), London Borough of Newham (9% shareholding) and Building Schools for the Future investments LLP (9% shareholding)

Newham Learning Partnership PSP Limited is owned by Laing O'Rourke Plc (85% shareholding) and RM plc (15% shareholding) in a joint venture

Newham Transformation Partnership Limited is owned by Newham Learning Partnership PSP Limited (80% shareholding), London Borough of Newham (10% shareholding) and Building Schools for the Future investments LLP (10% shareholding)

The ultimate parent undertakings and controlling parties are a joint venture of Laing O'Rourke Plc (68% shareholding), Newham Borough Council (10% shareholding), Building Schools for the Future Investments LLP (10% shareholding) and RM Plc (12% shareholding)

15. Related party disclosures

Name of related party	Relationship	Type of transaction	Income/(Charges) for the year 2011 £'000	Balance due(to)/from 2011 £'000
Building Schools for the Future Investments LLP	Group undertaking	Letter of credit fees	(22)	(22)
Building Schools for the Future Investments LLP	Group undertaking	Sub-debt interest	(2)	-
Building Schools for the Future Investments LLP	Group undertaking	Sub-debt principal	-	(163)
Laing O'Rourke Construction Limited	Relative of ultimate shareholder	Construction costs	(10,690)	(1,371)
London Borough of Newham	Group undertaking	Facilities Management	4,998	-
London Borough of Newham	Group undertaking	Sub-debt interest	(2)	-
London Borough of Newham	Group undertaking	Sub-debt principal	-	(163)
Newham Learning Partnership PSP Limited	Group undertaking	Sub-debt interest	(17)	
Newham Learning Partnership PSP Limited	Group undertaking	Sub-debt principal		(1,305)
Newham Transformation Partnership Limited	Group undertaking	Management service fee	(763)	-
Newham Transformation Partnership Limited	Group undertaking	Sub-debt interest	(2)	-
Newham Transformation Partnership Limited	Group undertaking	Sub-debt principal	-	(181)
RM Plc	Ultimate shareholder	Letter of credit fees	(13)	(13)

Comparatives from last year

Name of related party	Relationship	Type of transaction	Income/(Charges) for the year 2010 £'000	Balance due (to)/from 2010 £'000
Building Schools for the Future Investments LLP	Group undertaking	Letter of credit fees	(13)	(13)
Laing O'Rourke Plc	Ultimate shareholder	Management fees	590	-
Laing O'Rourke Construction Limited	Relative of ultimate shareholder	Construction costs	(29,850)	-
London Borough of Newham	Group undertaking	Facilities Management	3,260	37
Newham Transformation Partnership Limited	Group undertaking	Management service fee	(328)	(106)
RM Plc	Ultimate shareholder	Letter of credit fees	(12)	(5)

16 Cashflow from operating activities

	2011 £'000	2010 £'000
Operating profit/(loss) for financial year	104	(2)
(Increase)/decrease in debtors	(8,338)	49,779
(Decrease)/increase in creditors	(1,257)	(3,002)
Net cash (outflow)/inflow	(9,491)	46,775

17 Analysis of changes in net funds

	As at 1 April 2010 £'000	Cashflow £'000	As at 31 March 2011 £'000
Cash at bank and in hand	8,020	(7,538)	482
Senior debt	(54,641)	(20)	(54,661)
Sub-debt	-	(1,814)	(1,814)
Net funds	(46,621)	(9,372)	(55,993)