

**Academy Services (Waltham Forest) Limited**  
**Directors' report and financial statements**

9 month period ended 31 March 2012  
Registered number 04954268

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## **Company information**

### **Directors**

B Dean  
D Brooking

### **Company Secretary**

G Champkin

### **Registered Office**

8 White Oak Square  
London Road  
Swanley  
Kent  
BR8 7AG

### **Auditors**

KPMG Audit Plc  
100 Temple Street  
Bristol  
BS1 6AG

### **Registered Number**

04954268

## **Directors' report**

The directors present their Directors' Report and the audited financial statements for the 9 month period ended 31 March 2012. During the period the company changed its financial year end from 30 June to 31 March.

### **Principal activities and business review**

The principal activity of the Company is the design, construction, refurbishment, financing and maintenance of seven schools in the Waltham Forest area in accordance with the terms of an agreement with Waltham Forest Borough Council. That agreement together with a loan facilities agreement, a construction contract, a facilities management contract and other related contracts were signed on 15 March 2004. The concession period runs until 30 April 2036.

### *Financial performance*

The Company has modelled the anticipated financial performance of its concession across its full term. The Company monitors its actual performance against the anticipated performance. At 31 March 2012, the Company's performance against this measure was satisfactory.

### *Results and dividend*

Profit for the period after taxation is £210,000 (2011 £196,000). The directors recommended the payment of an interim dividend of £243,000 (2011 £170,000).

### *Key performance indicators (KPIs)*

Financial penalties are levied by London Borough of Waltham Forest in the event of the Company failing to make areas of the schools available for its use (availability deductions) and in the event of service performance not being achieved according to detailed criteria set out in the Concession Agreement (performance deductions). Any such deductions are passed down to the service provider and their quantum is an indication of the level of performance achieved. In the period to 31 March 2012, cumulative deductions amounted to £6,000 (2011 £22,000) representing 0.3% of revenue receivable from the London Borough of Waltham Forest.

### **Principal risks and uncertainties**

London Borough of Waltham Forest is the Company's sole client. However, the directors consider that no significant risk arises from such a client base as the council is legally bound to the obligation for the project term.

Performance risk under the Project Agreement has been passed down to the Company's service provider and building contractor. The obligations of these parties are underwritten by parent company guarantees.

The Company is also exposed to lifecycle risk on the project. However, this risk has been mitigated by the appointment of an experienced subcontractor and also regular review of lifecycle activity by the Board.

### **Directors**

The directors of the company who served during the period were as follows:

B Semple (resigned 17 July 2012)

B Dean

D Brooking (appointed 17 July 2012)

### **Disclosure of information to auditor**

The directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

**Directors' report** *(continued)*

**Auditor**

In accordance with Section 487 of the Companies Act 2006, the auditor is deemed to be re-appointed and, having agreed to the re-appointment, KPMG Audit Plc will therefore continue in office

**Approved by the Board of Directors  
and signed on behalf of the Board**



**B Dean**  
*Director*

8 White Oak Square  
Swanley  
Kent  
BR8 7AG

22/08/ 2012

## **Statement of directors' responsibilities in respect of the Directors' report and the financial statements**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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

- select suitable accounting policies and apply them consistently,
- make judgements and 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The directors are also 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## **Independent auditor's report to the members of Academy Services (Waltham Forest) Limited**

We have audited the financial statements of Academy Services (Waltham Forest) Limited for the period ended 31 March 2012 set out on pages 6 to 15. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement on page 4, 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 (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2012 and of its profit for the 9 month period then ended,
- have been properly prepared in accordance with UK 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 period 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, 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.



**A Moses (Senior Statutory Auditor)**

For and on behalf of KPMG Audit Plc, Statutory Auditor  
Chartered Accountants

100 Temple Street  
Bristol  
BS1 6AG

24 August 2012

**Profit and loss account**  
*for the 9 month period ended 31 March 2012*

	<i>Note</i>	<b>9 month period ended 31 March 2012 £000</b>	<b>Year ended 30 June 2011 £000</b>
<b>Turnover</b>	<i>2</i>	<b>2,500</b>	<b>2,951</b>
Other operating charges		<b>(2,345)</b>	<b>(2,748)</b>
<b>Operating profit</b>	<i>3</i>	<b>155</b>	<b>203</b>
Interest receivable and similar income	<i>4</i>	<b>2,356</b>	<b>3,184</b>
Interest payable and similar charges	<i>5</i>	<b>(2,224)</b>	<b>(3,117)</b>
<b>Profit on ordinary activities before taxation</b>		<b>287</b>	<b>270</b>
Taxation on profit on ordinary activities	<i>6</i>	<b>(77)</b>	<b>(74)</b>
<b>Profit for the financial period/year</b>	<i>12</i>	<b>210</b>	<b>196</b>

There were no gains and losses other than those included in the profit and loss account in either the current or prior period

The above results have all been derived from continuing operations

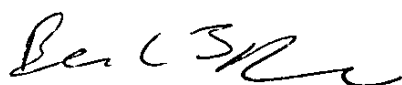
The notes on pages 9 to 15 form part of these financial statements



**Balance sheet**  
**at 31 March 2012**

	<i>Note</i>	<b>31 March 2012 £000</b>	<b>30 June 2011 £000</b>
<b>Current assets</b>			
Debtors amounts falling due within one year	7	817	1,822
Debtors amounts falling due after one year	8	36,056	37,158
		<hr/>	<hr/>
		36,873	38,980
<b>Cash at bank and in hand</b>		5,878	7,840
		<hr/>	<hr/>
		42,751	46,820
<b>Current liabilities</b>			
Creditors amounts falling due within one year	9	(3,277)	(4,844)
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		39,474	41,976
<b>Creditors: amounts falling due after one year</b>	10	(39,425)	(41,894)
		<hr/>	<hr/>
<b>Net assets</b>		49	82
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	11	-	-
Profit and loss account	12	49	82
		<hr/>	<hr/>
<b>Equity shareholders' funds</b>	12	49	82
		<hr/>	<hr/>

These financial statements were approved by the board on 22/08/2012 and were signed on its behalf by



**B Dean**  
*Director*

The notes on pages 9 to 15 form part of these financial statements

Company Registration No 04954268 (England and Wales)

**Reconciliation of Movements in Shareholders' Funds**  
*for the 9 month period ended 31 March 2012*

	<b>31 March 2012 £000</b>	<b>30 June 2011 £000</b>
Profit for the financial year	<b>210</b>	196
Dividends on shares classified as shareholders' funds	<b>(243)</b>	(170)
	<hr/>	<hr/>
Net movement in shareholders' funds	<b>(33)</b>	26
Opening shareholders' funds	<b>82</b>	56
	<hr/>	<hr/>
<b>Closing shareholders' funds</b>	<b>49</b>	82
	<hr/>	<hr/>

The notes on pages 9 to 15 form part of these financial statements

## **Notes**

*(forming part of the financial statements)*

### **1 Accounting policies**

The accounting policies adopted are disclosed below

#### **a) Basis of preparation**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards (United Kingdom Generally Accepted Accounting Practice)

Under FRS 1, the Company is exempt from the requirement to prepare a Cash flow Statement on the grounds of its size

#### **b) Going concern**

The directors have reviewed the Company's projected profits and cash flows by reference to a financial model covering accounting periods up to March 2037. They have also examined the current status of the Company's principal contracts and likely developments in the foreseeable future. Having reviewed the financial facilities available to the Company, the directors consider that the Company will be able to settle its liabilities as they fall due and accordingly the financial statements have been prepared on a going concern basis.

#### **c) Finance debtor**

The Company is an operator of a Private Finance Initiative ("PFI") contract. The underlying asset is not deemed to be an asset of the Company under FRS5 Application Note F because the risks and rewards of ownership as set out in that standard are deemed to lie principally with the Authority.

During the construction phase of the project, all attributable expenditure is included in amounts recoverable on contracts and turnover. Upon becoming operational, the costs are transferred to the finance debtor. During the operational phase income is allocated between interest receivable and the finance debtor using a project specific interest rate. The remainder of the PFI unitary charge income is included within turnover in accordance with FRS5 Application Note G. The Company recognises income in respect of the services provided as it fulfils its contractual obligations in respect of those services and in line with the fair value of the consideration receivable in respect of those services.

Major maintenance costs are recognised on an incurred basis and the revenue receivable in respect of these services is recognised when these services are performed.

#### **d) Deferred taxation**

In accordance with FRS19 "Deferred tax", deferred taxation is provided fully and on a non discounted basis at expected future corporation tax rates in respect of timing differences between profits computed for taxation and financial statements purposes.

### **2 Turnover**

Turnover is recognised in accordance with the Finance Debtor accounting policy above. Turnover represents value of work done entirely in the UK and excludes value added tax.

All turnover relates solely to continuing activities in a single class of business within the United Kingdom.

**Notes (continued)**

**3 Operating profit**

<b>9 month period ended 31 March</b>	<b>Year ended 30 June</b>
<b>2012</b>	<b>2011</b>
<b>£000</b>	<b>£000</b>

The following costs were incurred during the period

Auditor's remuneration		
Audit of these financial statements	8	10
Taxation services	4	5
	<u>          </u>	<u>          </u>

The company also paid the audit fee for its parent company of £2,000 in both years

The directors received no remuneration in either year The company had no employees in either year, other than the directors

**4 Interest receivable and similar income**

<b>9 month period ended 31 March</b>	<b>Year ended 30 June</b>
<b>2012</b>	<b>2011</b>
<b>£000</b>	<b>£000</b>

Interest receivable in respect of finance debtor	2,309	3,141
Interest receivable on bank deposits	47	43
	<u>          </u>	<u>          </u>
	<b>2,356</b>	<b>3,184</b>
	<u>          </u>	<u>          </u>

**5 Interest payable and similar charges**

<b>9 month period ended 31 March</b>	<b>Year ended 30 June</b>
<b>2012</b>	<b>2011</b>
<b>£000</b>	<b>£000</b>

Interest payable on long term loan	1,821	2,549
Interest payable on unsecured subordinated loan stock	389	549
Amortisation of issue costs	14	19
	<u>          </u>	<u>          </u>
	<b>2,224</b>	<b>3,117</b>
	<u>          </u>	<u>          </u>

**Notes (continued)**

**6 Taxation**

	9 month period ended 31 March 2012 £000	Year ended 30 June 2011 £000
<i>Current tax</i>		
UK corporation tax based on the results for the period	75	54
Adjustment in respect of prior periods	2	3
	<u>77</u>	<u>57</u>
Deferred tax	-	17
<b>Tax charge for the period</b>	<u><b>77</b></u>	<u><b>74</b></u>

**Factors affecting the tax charge for the period**

The tax charge is lower (2011 lower) than the standard rate of corporation tax in the UK of 26% (2011 27.5%). The differences are explained below

	9 month period ended 31 March 2012 £000	Year ended 30 June 2011 £000
Profit on ordinary activities before tax	287	270
Profit on ordinary activities multiplied by the standard rate of corporation tax at 26% (2011 27.5%)	75	74
Utilisation of losses	-	(20)
Adjustment in respect of prior years	2	3
<b>Current tax</b>	<u><b>77</b></u>	<u><b>57</b></u>

*Factors that may affect future tax charges*

The 2012 Budget on 21 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014. A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and a further reduction to 24% (effective from 1 April 2012) was substantively enacted on 26 March 2012. This will further reduce the company's future current tax charge accordingly.

**Notes (continued)**

**7 Debtors: amounts falling due within one year**

	<b>31 March 2012 £000</b>	<b>30 June 2011 £000</b>
Trade debtors	1	258
Finance debtor	775	1,529
Prepayments and accrued income	41	35
	<u>817</u>	<u>1,822</u>

**8 Debtors: amounts falling due after more than one year**

	<b>31 March 2012 £000</b>	<b>30 June 2011 £000</b>
Finance debtor	36,056	37,158
	<u>36,056</u>	<u>37,158</u>

The Unitary Charge Control Account (UCCA) is included net against the finance debtor balance stated above. The balance in the UCCA at 31 March 2012 is a credit balance of £8,905,000 (2011 credit £8,198,000)

**9 Creditors: amounts falling due within one year**

	<b>31 March 2012 £000</b>	<b>30 June 2011 £000</b>
Trade creditors	66	343
Term loan	2,321	2,461
Unsecured subordinated loan stock	145	354
Accruals	398	1,353
VAT	296	306
Corporation tax	51	27
	<u>3,277</u>	<u>4,844</u>

In accordance with FRS 4, issue costs have been offset against the related loans and are being amortised over the duration of the facilities. Issue costs offset against loans due within one year as at 31 March 2012 are £19,000 (2011 £19,000)

**Notes (continued)**

**10 Creditors: amounts falling due after more than one year**

		<b>31 March</b>	30 June
		<b>2012</b>	2011
		<b>£000</b>	£000
Borrowings	Term loan	<b>36,309</b>	38,648
	Unsecured subordinated loan stock	<b>3,557</b>	3,702
	Less unamortised issue costs	<b>(441)</b>	(456)
		<hr/> <b>39,425</b> <hr/>	<hr/> <b>41,894</b> <hr/>

Borrowings consist of

**(a) Term loan**

Term loan facilities granted by Dexia Credit Local (London branch), which are secured on the assets of the Company. The loan facility was for a total value of £59,038,000 of which £38,649,000 remains drawn down at 31 March 2012 (2011 £41,128,000). The loan facility is repayable from September 2003 to September 2033.

	<b>£000</b>
Amounts repayable are as follows	
Within one year	<b>2,340</b>
In more than one year but not more than two years	<b>2,650</b>
In more than two years but not more than five years	<b>6,521</b>
In more than five years	<b>27,138</b>
	<hr/> <b>38,649</b> <hr/>

Interest is charged on amounts drawn under the senior loan facility based on floating LIBOR. The Company has entered into an interest hedging agreement to be applied to the expected future borrowings on the facility, which fixes the interest rate at 5.11% until September 2033.

**(b) Unsecured Subordinated Loan Stock**

The Unsecured Subordinated 13% Loan Stock is held 100% by Academy Services (Holdings) Limited, the holding company.

	<b>£000</b>
Amounts repayable are as follows	
Within one year	<b>145</b>
In more than one year but not more than two years	<b>592</b>
In more than two years but not more than five years	<b>884</b>
In more than five years	<b>2,081</b>
	<hr/> <b>3,702</b> <hr/>

## Notes (continued)

### 11 Share capital

	<b>31 March 2012 £</b>	<b>30 June 2011 £</b>
<i>Called up and fully paid</i>		
100 ordinary shares of £1 each	<b>100</b>	<b>100</b>

### 12 Profit and loss account

	<b>£000</b>
At 1 July 2011	<b>82</b>
Profit for the period	<b>210</b>
Dividends	<b>(243)</b>
<b>At 31 March 2012</b>	<b>49</b>

### 13 Related party disclosures

During the period the Company entered into transactions, in the ordinary course of business, with related parties

	<b>Purchases from related parties services £000</b>	<b>Amounts owed to related parties at period end £000</b>
<i>Period ended 31 March 2012</i>		
Innisfree Limited	<b>32</b>	<b>-</b>
NewSchools Limited	<b>107</b>	<b>-</b>
<i>Year ended 30 June 2011</i>		
Innisfree Limited	<b>41</b>	<b>11</b>
NewSchools Limited	<b>142</b>	<b>-</b>

Innisfree Limited is the fund manager for Innisfree Secondary Fund LP, who is the beneficial owner of the immediate holding company, Academy Services (Waltham Forest) Holdings Limited. NewSchools Limited is a management services company whose beneficial owners include Innisfree Secondary Fund LP.



**Notes** *(continued)*

**14 Ultimate parent company**

The Company is a wholly owned subsidiary of Academy Services (Waltham Forest) Holdings Limited, a company incorporated in the United Kingdom and registered in England and Wales. The share capital of Academy Services (Waltham Forest) Holdings Limited is held 100% by Innisfree Nominees Limited, acting in its capacity as nominee for Innisfree Secondary Fund LP.