

Company Registration No. 04954268 (England and Wales)

**ACADEMY SERVICES (WALTHAM FOREST) LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**



# ACADEMY SERVICES (WALTHAM FOREST) LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mr B Dean Mr A Watson (Appointed 19 April 2016)
<b>Secretary</b>	HCP Management Services Limited
<b>Company number</b>	04954268
<b>Registered office</b>	8 White Oak Square London Road Swanley Kent BR8 7AG
<b>Auditor</b>	KPMG LLP 100 Temple Street Bristol BS1 6AG

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# **ACADEMY SERVICES (WALTHAM FOREST) LIMITED**

## **CONTENTS**

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	<b>Page</b>
Directors' report	1 - 2
Directors' responsibilities statement	3
Independent auditor's report to the members of Academy Services (Waltham Forest) Limited	4 - 5
Statement of total comprehensive income	6
Balance sheet	7
Statement of changes in equity	8
Notes to the financial statements	9 - 19

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# **ACADEMY SERVICES (WALTHAM FOREST) LIMITED**

## **DIRECTORS' REPORT**

**FOR THE YEAR ENDED 31 MARCH 2016**

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The directors present their annual report and financial statements for the year ended 31 March 2016.

### **Principal activities**

The principal activity of the company is to design, build, finance and operate six primary and one secondary school in the London Borough of Waltham Forest in accordance with a 33 year contract (the "Project Agreement") with Waltham Forest Borough Council (the "Authority"). Contract negotiations were successfully completed on 15 March 2004 and construction commenced immediately. The project has been fully operational since July 2006.

The directors do not foresee any change in the activities of the company.

### **Directors**

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

Mr B Dean

Mr D Brooking

Mr A Watson

(Resigned 19 April 2016)

(Appointed 19 April 2016)

### **Results and dividends**

Interim dividends were paid amounting to £607,000 (2015: £515,000). The directors do not recommend payment of a final dividend.

### **Employees**

There were no employees during the year (2015: nil)

### **Political contributions**

The company made no political contributions during the year (2015: nil).

### **Charitable donations**

During the year the company made charitable donations of nil (2015: nil)

### **Financial reporting, risk and internal controls**

The company has outsourced the financial reporting function to HCP Management Services Limited ("HCP"). Authorities remain vested in the Board members of the company. HCP reports regularly to the Board of the company. The Board receives monthly reports from HCP which specifically summarise and address the financial, contractual and commercial risks that the company is exposed to, and are pertinent to the industry in which the company operates. The Board also receives monthly management accounts with explanations of variances from annual budgets and forecasts, which are in turn compared to the Financial Model, which represents the long term business plan of the company and outlines its ability to comply with its debt obligations and covenants. Material deviations from the business plan are investigated and reported on. Supporting this process, HCP evaluates its performance under the framework of an Internal Audit and Assessment programme which sits within its own Corporate Governance framework. This process ensures that the project remains robust and viable throughout the life of the contract.

### **Auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditor's will be deemed to be reappointed and KPMG LLP will therefore continue in office.

# **ACADEMY SERVICES (WALTHAM FOREST) LIMITED**

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

***FOR THE YEAR ENDED 31 MARCH 2016***

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### **Statement of disclosure to the 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 all relevant audit information and to establish that the company's auditor is aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board



Mr B Dean

**Director**

19 July 2016

# **ACADEMY SERVICES (WALTHAM FOREST) LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 MARCH 2016***

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with applicable law and Section 1A of FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (UK Generally Accepted Accounting Practice applicable to Smaller Entities).

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 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 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.

# **ACADEMY SERVICES (WALTHAM FOREST) LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF ACADEMY SERVICES (WALTHAM FOREST) LIMITED**

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We have audited the financial statements of Academy Services (Waltham Forest) Limited for the year ended 31 March 2016 set out on pages 6 to 19. The financial reporting framework that has been applied in their preparation is applicable law and Section 1A of FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (UK Generally Accepted Accounting Practice applicable to Smaller Entities).

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 set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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.

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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### **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 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matters 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.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Directors' report:

- we have not identified material misstatements in that report; and
- in our opinion, that report has been prepared in accordance with the Companies Act 2006.

#### **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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

**ACADEMY SERVICES (WALTHAM FOREST) LIMITED**

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

**TO THE MEMBERS OF ACADEMY SERVICES (WALTHAM FOREST) LIMITED**

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**Amanda Moses (Senior Statutory Auditor)**  
for and on behalf of KPMG LLP, Statutory Auditor

**Chartered Accountants**  
100 Temple Street  
Bristol  
BS1 6AG

29 July 2016



# ACADEMY SERVICES (WALTHAM FOREST) LIMITED

## STATEMENT OF TOTAL COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2016

	Notes	2016 £'000	2015 £'000
Turnover	3	4,023	3,272
Operating costs		(3,636)	(2,963)
<b>Operating profit</b>		<b>387</b>	<b>309</b>
Interest receivable and similar income	7	2,658	2,751
Interest payable and similar charges	8	(2,253)	(2,403)
<b>Profit before taxation</b>		<b>792</b>	<b>657</b>
Taxation	9	(158)	(131)
<b>Profit for the financial year</b>		<b>634</b>	<b>526</b>
<b>Other comprehensive income</b>			
Effective portion of fair value change in cash flow hedge arising in the year		(710)	(1,560)
Tax recognised in relation to change in fair value cash flow hedges		(32)	312
<b>Other comprehensive income for the year</b>		<b>(742)</b>	<b>(1,248)</b>
<b>Total comprehensive loss for the year</b>		<b>(108)</b>	<b>(722)</b>

# ACADEMY SERVICES (WALTHAM FOREST) LIMITED

## BALANCE SHEET

AS AT 31 MARCH 2016

	Notes	2016 £'000	2015 £'000
<b>Current assets</b>			
Debtors falling due after one year	10	27,487	29,508
Debtors falling due within one year	10	1,704	1,588
Cash at bank and in hand		5,195	5,439
		<u>34,386</u>	<u>36,535</u>
<b>Creditors: amounts falling due within one year</b>	12	<u>(3,877)</u>	<u>(3,928)</u>
<b>Net current assets</b>		30,509	32,607
<b>Creditors: amounts falling due after more than one year</b>	13	(37,591)	(38,974)
<b>Net liabilities</b>		<u>(7,082)</u>	<u>(6,367)</u>
<b>Capital and reserves</b>			
Called up share capital	15	-	-
Hedging reserve		(7,118)	(6,376)
Profit and loss reserves		36	9
<b>Total equity</b>		<u>(7,082)</u>	<u>(6,367)</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved by the board of directors and authorised for issue on 19 July 2016 and are signed on its behalf by:



Mr B Dean  
Director

Company Registration No. 04954268

# ACADEMY SERVICES (WALTHAM FOREST) LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2016

	Notes	Share capital £'000	Hedging reserve £'000	Profit and loss reserves £'000	Total £'000
<b>Balance at 1 April 2014</b>		-	(5,128)	(2)	(5,130)
<b>Period ended 31 March 2015:</b>					
Profit for the year		-	-	526	526
Other comprehensive income:					
Cash flow hedges gains arising in the year		-	(1,560)	-	(1,560)
Tax relating to other comprehensive income		-	312	-	312
Total comprehensive income for the year		-	(1,248)	526	(722)
Dividends		-	-	(515)	(515)
<b>Balance at 31 March 2015</b>		-	(6,376)	9	(6,367)
<b>Period ended 31 March 2016:</b>					
Profit for the year		-	-	634	634
Other comprehensive income:					
Cash flow hedges gains arising in the year		-	(710)	-	(710)
Tax relating to other comprehensive income		-	(32)	-	(32)
Total comprehensive income for the year		-	(742)	634	(108)
Dividends		-	-	(607)	(607)
<b>Balance at 31 March 2016</b>		-	(7,118)	36	(7,082)

# ACADEMY SERVICES (WALTHAM FOREST) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2016

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#### 1 Accounting policies

##### Company information

Academy Services (Waltham Forest) Limited is a limited company domiciled and incorporated in England and Wales. The registered office is 8 White Oak Square, London Road, Swanley, Kent, BR8 7AG.

##### 1.1 Accounting convention

These financial statements have been prepared in accordance with the provisions of FRS 102 Section 1A - small entities. FRS 102 Section -1A - small entities, is effective for all small companies for periods commencing 1 January 2016, Academy Services (Waltham Forest) Limited have taken early adoption of this provision in these financial statements. There were no material departures from that standard.

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

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

These financial statements for the year ended 31 March 2016 are the first financial statements of Academy Services (Waltham Forest) Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 April 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 18.

FRS 102 grants certain first-time adoption exemptions from the full requirements of FRS 102. The following exemptions have been taken in these financial statements:

##### *Service concession arrangements*

The company entered into its service concession arrangement before the date of transition to this FRS. Therefore its service concession arrangements have continued to be accounted for using the same accounting policies being applied at the date of transition to this FRS.

##### 1.2 Going concern

The directors have reviewed a cash flow forecast covering the remainder of the company's contract period and taking into account reasonable possible risks in operations and the fact the obligations of the company's sole customer are underwritten by the Secretary of State for Education, believe that the company will be able to settle its liabilities as they fall due for the foreseeable future and therefore it is appropriate to prepare these financial statements on the going concern basis.

##### 1.3 Turnover

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

##### 1.4 Financial instruments

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

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

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

# ACADEMY SERVICES (WALTHAM FOREST) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

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### 1 Accounting policies

(Continued)

#### **Basic financial assets**

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

#### **Trade and other debtors**

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and short term deposits.

#### **Restricted cash**

The company is obligated to keep a separate cash reserve in respect of future major maintenance costs. This restricted cash balance, which is shown on the balance sheet within the "cash at bank and in hand" balance, amounts to £1,818,000 at the year end (2015: £1,460,000).

#### **Finance Debtor**

The finance debtor is classified as a debt instrument, which is initially measured at transaction price including transaction costs and subsequently carried at amortised cost. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

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

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

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

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

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

# ACADEMY SERVICES (WALTHAM FOREST) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

### 1 Accounting policies

(Continued)

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

In accordance with FRS 102.22, financial instruments issued by the company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

#### **Basic financial liabilities**

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

#### **Trade and other creditors**

Trade and other creditors are recognised initially at transaction price plus attributable costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

#### **Interest-bearing borrowings classified as basic financial instruments**

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

#### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless they are included in a hedging arrangement.

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

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

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

### 1.5 Equity instruments

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

# ACADEMY SERVICES (WALTHAM FOREST) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

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### 1 Accounting policies

(Continued)

#### 1.6 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

#### 1.7 Taxation

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

##### *Current tax*

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

##### *Deferred tax*

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

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

#### 1.8 Finance debtor and service income

The company is an operator of a Public Finance Initiative ("PFI") contract. The underlying asset is not deemed to be an asset of the company under old UK GAAP, 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 was included in amounts recoverable on contracts and turnover. Upon becoming operational, the costs were 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 FRS102 section 34C. 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.

#### 1.9 Interest receivable and payable

Interest payable and similar charges include interest payable on borrowings and associated ongoing financing fees.

Other interest receivable and similar income include interest receivable on funds invested and interest recognised on the finance debtor based upon the finance debtor accounting policy above.

# ACADEMY SERVICES (WALTHAM FOREST) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

### 2 Judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with FRS102 requires management to make judgements, estimates and assumptions that affect the application of application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based upon historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

Certain critical accounting judgements in applying the company's accounting policies are described below:

#### Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

#### Service concession accounting

Accounting for the service concession contract and finance debtors requires of estimation of service margins, finance debtors interest rates and associated amortisation profile which is based on forecasted results of the PFI contract.

### 3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2016 £'000	2015 £'000
<b>Turnover</b>		
Unitary Charge Recognised	3,744	2,970
FM Service Deductions	(33)	(26)
Pass-through Income	312	323
Variation Income	-	5
	<u>4,023</u>	<u>3,272</u>
 <b>Other significant revenue</b>		
Interest income	<u>2,658</u>	<u>2,751</u>
 <b>Turnover analysed by geographical market</b>		
	2016 £'000	2015 £'000
UK	<u>4,023</u>	<u>3,272</u>



# ACADEMY SERVICES (WALTHAM FOREST) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

### 4 Auditor's remuneration

	2016 £'000	2015 £'000
Fees payable to the company's auditor and its associates:		
<b>For audit services</b>		
Audit of the company's financial statements	16	11
<b>For other services</b>		
Taxation compliance services	6	6

### 5 Employees

The company had no employees during the year (2015: nil).

### 6 Directors' remuneration

	2016 £'000	2015 £'000
Sums paid to third parties for directors' services	47	46

The directors did not receive any remuneration during either the current or preceding year.

### 7 Interest receivable and similar income

	2016 £'000	2015 £'000
Interest receivable on bank deposits	45	41
Interest from finance debtor	2,613	2,710
Total income	2,658	2,751

### 8 Interest payable and similar charges

	2016 £'000	2015 £'000
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	1,875	2,005
Interest on subordinated loans	356	376
Amortisation of finance arrangement costs	22	22
	2,253	2,403

### 9 Taxation

	2016 £'000	2015 £'000
<b>Current tax</b>		
UK corporation tax on profits for the current period	158	131

# ACADEMY SERVICES (WALTHAM FOREST) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

### 9 Taxation

(Continued)

The charge for the year can be reconciled to the profit per the profit and loss account as follows:

	2016 £'000	2015 £'000
Profit before taxation	792	657
Expected tax charge based on a corporation tax rate of 20.00% (2015 - 21.00%)	158	138
Transition adjustments	-	(7)
Tax expense for the year	158	131

In addition to the amount charged to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2016 £'000	2015 £'000
Deferred tax arising on:		
Revaluation of financial instruments treated as cash flow hedges	32	(312)

#### Factors affecting the tax charge for the year

The current tax charge is in line with (2015: lower than) the standard rate of corporation tax in the UK of 20% (2015: 21%). The differences are detailed above.

#### Factors that may affect future tax charges

On 26 October 2015, the reduction in the UK rate of corporation tax to 19% from 1 April 2017 and 18% from 1 April 2020 was substantively enacted. The Chancellor's latest Budget announcement on 16 March 2016 stated a planned further reduction in corporation tax to 17% in April 2020. The rate is yet to be enacted. This will reduce the Company's future tax charge accordingly.

# ACADEMY SERVICES (WALTHAM FOREST) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

### 10 Debtors

	2016 £'000	2015 £'000
<b>Amounts falling due within one year:</b>		
Trade debtors	17	-
Finance debtor	1,660	1,563
Other debtors	27	25
	<u>1,704</u>	<u>1,588</u>
<b>Amounts falling due after one year:</b>		
Finance debtor	25,925	27,914
Deferred tax asset (note 14)	1,562	1,594
	<u>27,487</u>	<u>29,508</u>
<b>Total debtors</b>	<u>29,191</u>	<u>31,096</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 2016 is a credit balance of £12,110,272 (2015: £11,781,037)

### 11 Loans and overdrafts

	2016 £'000	2015 £'000
Bank loans	28,777	31,151
Subordinated loans	2,229	2,781
	<u>31,006</u>	<u>33,932</u>
Payable within one year	2,095	2,929
Payable after one year	28,911	31,003

# ACADEMY SERVICES (WALTHAM FOREST) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

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

	2016 £'000	2015 £'000
Loans and overdrafts	2,095	2,929
Trade creditors	145	95
Corporation tax payable	71	63
Other taxation and social security	264	276
Other creditors	1,302	565
	<u>3,877</u>	<u>3,928</u>

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

	2016 £'000	2015 £'000
Loans and overdrafts	28,911	31,003
Other creditors	8,680	7,971
	<u>37,591</u>	<u>38,974</u>

Borrowing consists of:

#### Term loan

Term loan facilities granted by Dexia Credit Local (London branch), which are secured on the assets of the Company. The loan facility is for a total value of £59,038,000 of which £29,155,694 remains drawn down at 31 March 2016 (2015: £31,471,000). The loan facility is repayable from September 2003 to September 2033.

#### Unsecured Subordinated Loan Stock

The Unsecured Subordinated 13% Loan Stock is held 100% by Academy Services (Waltham Forest) (Holdings) Limited, the holding company which is owned 100% by Innisfree Nominees Limited acting in its capacity as nominee for Innisfree Secondary Fund LP and is repayable in 56 semi annual instalments, the first instalment being paid on 29 September 2009. As at 31 March 2016 there is £2,229,000 outstanding (2015: £2,781,000).

### 14 Deferred taxation

	Assets 2016 £'000	Assets 2015 £'000
Interest Rate SWAP	<u>1,562</u>	<u>1,594</u>

# ACADEMY SERVICES (WALTHAM FOREST) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

### 14 Deferred taxation (Continued)

	2016 £'000
<b>Movements in the year:</b>	
Asset at 1 April 2015	(1,594)
Charge to equity	32
Asset at 31 March 2016	<u>(1,562)</u>

### 15 Share capital

	2016 £	2015 £
<b>Ordinary share capital issued and fully paid</b>		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

### 16 Related party transactions

#### Transactions with related parties

During the year the company entered into the following transactions with related parties:

Under the terms of the Investors' Agreement, Innisfree Limited provide the company with the directors. Innisfree Limited is the fund manager for Innisfree PFI Secondary Fund.

The company has entered into transactions in the ordinary course of business with its management service provider HCP Management Services Limited. HCP Holdings Limited, the parent company of HCP Management Services Limited, is invested with Funds under the management of Innisfree Limited, who also manage the funds invested in the company.

	<b>Purchases from related parties</b>	
	2016 £'000	2015 £'000
Innisfree Limited	47	48
HCP Management Service Limited	163	155
	<u>210</u>	<u>203</u>

### 17 Controlling party

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 of Innisfree PFI Secondary Fund.

# ACADEMY SERVICES (WALTHAM FOREST) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

### 18 Reconciliations on adoption of FRS 102

#### Reconciliation of equity

	1 April 2014 31 March 2015	
	Notes	£'000
Capital and reserves as reported under previous UK GAAP		28
Adjustments arising from transition to FRS 102:		
Recognition of derivative financial instruments		(6,410)
Deferred tax in relation to derivatives		1,282
Effective interest rate (EIR) on Senior debt		(30)
Corporation tax effect on EIR adjustment		-
Equity reported under FRS 102		(5,130)

#### Reconciliation of profit or loss

	2015 £'000
Profit for the year as reported under previous UK GAAP	528
Adjustments to prior year	(2)
As restated	526

#### Notes to reconciliations on adoption of FRS 102

##### a) SWAP liability

The company has elected to hedge account under FRS 102.

The above reconciliation reflects the movement in fair value adjustments of the interest rate swap instrument held by the company.

A deferred tax asset has been recognised on the fair value of the swap arrangements. This has been recognised within current assets and movements on the deferred tax are taken to the hedging reserve.

##### b) Effective interest rate on senior debt

Previously the balance sheet value of the senior debt has been valued using the initial loan value less repayments.

An adjustment has been made to retrospectively reflect the effective interest rate calculation on the balance sheet value of the senior debt. This has resulted in an increase in the value of the term loan at the balance sheet date. The tax impact of this adjustment has been recognised in the profit or loss account.