

Coventry Education Partnership Holdings Limited
Financial Statements
31 December 2020



COMPANIES HOUSE
6 SEP 2021
EDINBURGH MAILBOX

Coventry Education Partnership Holdings Limited

Financial Statements

Year ended 31 December 2020

Contents	Page
Directors' Report	1
Directors' Responsibilities Statement	3
Independent Auditor's Report to the Members of Coventry Education Partnership Holdings Limited	4
Consolidated Profit and Loss Account and Statement of Comprehensive Income	9
Consolidated Balance Sheet	10
Company Balance Sheet	11
Consolidated Statement of Changes in Equity	12
Company Statement of Changes in Equity	13
Consolidated Cash Flow Statement	14
Notes to the Financial Statements	15

Coventry Education Partnership Holdings Limited

Directors' Report

Year ended 31 December 2020

The directors present their report and the financial statements of the group for the year ended 31 December 2020.

Principal activities and business review

The principal activity of the company is that of a holding company with a single subsidiary, Coventry Education Partnership Limited.

The principal activity of the group is the provision of operational and maintenance services for the Caludon Castle School in Coventry, in accordance with a Project Agreement entered into with Coventry City Council.

The school became operational in July 2007. The group is currently running the operation and maintenance services for the period to 31 December 2034, providing a full range of facilities management services under a contractual agreement that provides a regular income stream, which is subject to deductions for service shortfalls and the unavailability of the facility.

On 23 March 2020, due to the global pandemic, the United Kingdom Government issued guidance that only essential business activities should continue. The group's Business Continuity Plan was reviewed and updated, and the FM contractor continues to provide essential services. There has been no significant financial or operational impact on the company due to Covid-19.

On 31 January 2020, the United Kingdom left the European Union and entered a transition period. The transition period ended on 31 December 2020 and the United Kingdom left the European Union single market and customs union. The group is not affected by the United Kingdom's withdrawal from the European Union, as the cash flows generated from the PFI concession asset are secured under contract with Gloucestershire Hospitals National Health Service Trust, a government body.

The result for the group for the year is shown in the Consolidated Profit and Loss Account and Statement of Comprehensive Income on page 9.

Directors

The directors who served the company during the year and up to the date of this report are shown below:

A Naafs	
G Shopov	(Appointed 1 February 2020)
I Tayler	(Resigned 1 February 2020)

Dividends

The directors approved and paid dividends of £nil (2019: £33,000) during the year. No dividends were declared post year-end.

Future developments

The updated forecast for the project confirms that it is performing satisfactorily and management of the scheme both logistically and financially remains under control. The directors remain confident that the group will maintain the current level of performance and keep meeting the obligations under the contract.

Donations

The group and company made no political donations during the year (2019: £nil).

Coventry Education Partnership Holdings Limited

Directors' Report *(continued)*

Year ended 31 December 2020

Small company exemption

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006. The directors have taken advantage of the small companies exemptions provided by Sections 415A and 415B of the Companies Act 2006, which includes those in relation to the exemption from certain requirements of the Directors' report and the available exemption to not prepare a Strategic report.

Disclosure of information to the auditor

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

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

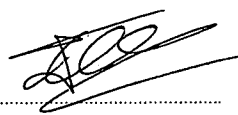
Independent auditor

During the year, PricewaterhouseCoopers LLP resigned and Johnston Carmichael LLP were appointed to fill the casual vacancy arising. Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Johnston Carmichael LLP will therefore continue in office.

Going concern

The directors have reviewed the group's projected cash flows by reference to a financial model covering accounting periods up to 31 December 2034. The directors have also examined the current status of the group's principal contracts and likely developments in the foreseeable future. Having reviewed the available information, the directors consider that the group and company will be able to meet its financial obligations on the due dates for the foreseeable future.

This report was approved by the Board of directors on 27th July 2021 and signed on behalf of the Board by:



GEORGE SHOPOV

G Shopov
Director

Registered office:
Part First Floor
1 Grenfell Road
Maidenhead
Berkshire
SL6 1HN

Coventry Education Partnership Holdings Limited

Directors' Responsibilities Statement

Year ended 31 December 2020

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

This report was approved by the Board of directors on 27th July 2021 and signed on behalf of the Board by:



GEORGE SHOPOV

G Shopov
Director

Registered office:
Part First Floor
1 Grenfell Road
Maidenhead
Berkshire
SL6 1HN

Coventry Education Partnership Holdings Limited

Independent Auditor's Report to the Members of Coventry Education Partnership Holdings Limited

Year ended 31 December 2020

Opinion

We have audited the financial statements of Coventry Education Partnership Holdings Limited (the 'parent company') and its subsidiary (the 'Group') for the year ended 31 December 2020 which comprise of the Consolidated Profit and Loss Account and Statement of Comprehensive Income, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 December 2020 and of the group's profit for the year then ended;
- the group and parent company's financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Coventry Education Partnership Holdings Limited

Independent Auditor's Report to the Members of Coventry Education Partnership Holdings Limited *(continued)*

Year ended 31 December 2020

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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; 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 from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Coventry Education Partnership Holdings Limited

Independent Auditor's Report to the Members of Coventry Education Partnership Holdings Limited *(continued)*

Year ended 31 December 2020

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the group's or the parent company's financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's or the parent company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation (ie. gives a true and fair view).
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Coventry Education Partnership Holdings Limited

Independent Auditor's Report to the Members of Coventry Education Partnership Holdings Limited (continued)

Year ended 31 December 2020

Extent to which the audit was considered capable of detecting irregularities and fraud

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

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry;
- results of our enquiries of management about their own identification and assessment of the risks of irregularities; and
- the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: revenue recognition and future maintenance costs. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act and tax legislation.

Our procedures to respond to risks identified included the following:

- recalculation of unitary charge by applying appropriate benchmark indexation to agreed base cost and RPIx to the Office of National Statistics website;
- reviewing the application of calculated service margin to service costs to determine revenue amount recognised in the Consolidated Profit and Loss Account and Statement of Comprehensive Income in the year, as disclosed in the accounting policy Finance debtor and service income;
- recalculating leisure centre income by applying appropriate benchmark indexation to agreed base cost and RPIx to the Office of national Statistics website;
- reviewing passthrough costs and related revenue to ensure these match and are legitimate passthrough costs in line with the contract;
- reviewing the financial statement disclosures to assess compliance with the laws and regulation described as having a direct effect on the financial statements;
- enquiring of management and directors regarding the potential existence and extent of any litigation claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reviewing board minutes for indicators of any breaches of laws and regulations, litigation or claims;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making estimates are indicative of a potential bias;
- evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and

Coventry Education Partnership Holdings Limited

Independent Auditor's Report to the Members of Coventry Education Partnership Holdings Limited *(continued)*

Year ended 31 December 2020

Extent to which the audit was considered capable of detecting irregularities and fraud *(continued)*

- tracing a sample of lifecycle costs incurred to invoice and payment through the bank, ensuring that the year-end accrual for lifecycle costs is complete.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Grant Roger (Senior Statutory Auditor)
for and on behalf of Johnston Carmichael LLP
Chartered Accountants and Statutory Auditors
7-11 Melville Street
Edinburgh
EH3 7PE

Date: 28 July 2021

Coventry Education Partnership Holdings Limited

Consolidated Profit and Loss Account and Statement of Comprehensive Income

Year ended 31 December 2020

	Note	2020 £000	2019 £000
Turnover	4	1,921	1,672
Cost of sales		(1,690)	(1,458)
Administrative expenses		(138)	(124)
Operating profit		93	90
Interest receivable and similar income	7	904	944
Interest payable and similar expenses	8	(879)	(914)
Profit before taxation		118	120
Tax on profit	9	(9)	(22)
Profit for the financial year		109	98
Fair value movements on cash flow hedging instruments		(137)	(13)
Tax recognised in relation to change in fair value cash flow hedges	9	81	2
Other comprehensive expense for the year		(56)	(11)
Total comprehensive income for the financial year		53	87

The notes on pages 15 to 26 form part of these financial statements.

All the activities of the group are from continuing operations.

Coventry Education Partnership Holdings Limited

Consolidated Balance Sheet

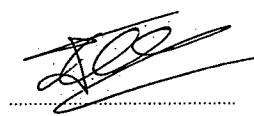
As at 31 December 2020

	Note	2020 £000	2019 £000
Current assets			
Debtors: amounts falling due within one year	12	615	548
Debtors: amounts falling due after more than one year	12	12,841	13,322
Restricted cash	13	1,132	—
Cash at bank and in hand		490	1,652
Total current assets		15,078	15,522
Creditors: amounts falling due within one year	14	(1,353)	(1,368)
Net current assets		13,725	14,154
Total assets less current liabilities		13,725	14,154
Creditors: amounts falling due after more than one year	15	(15,540)	(16,022)
Net liabilities		(1,815)	(1,868)
Capital and reserves			
Called up share capital	18	10	10
Cash flow hedge reserve	19	(2,352)	(2,296)
Profit and loss account		527	418
Total equity		(1,815)	(1,868)

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small company regime.

The notes on pages 15 to 26 form part of these financial statements.

The financial statements on pages 9 to 26 were approved by the Board of directors on 27th July 2021 and signed on behalf of the Board by:

 *GEORGE SHOPOV*

G Shopov
Director

Company registration number: 05188349

Coventry Education Partnership Holdings Limited

Company Balance Sheet

As at 31 December 2020

	Note	2020 £000	2019 £000
Fixed assets			
Investments	11	10	10
Total assets less current liabilities		<u>10</u>	<u>10</u>
Capital and reserves			
Called up share capital	18	10	10
Total equity		<u>10</u>	<u>10</u>

The profit for the financial year of the parent company was £nil (2019: £33,000).

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small company regime.

The notes on pages 15 to 26 form part of these financial statements.

The financial statements on pages 9 to 26 were approved by the Board of directors on 27th July 2021 and signed on behalf of the Board by:


..... GEORGE SHOPOV

G Shopov
Director

Company registration number: 05188349

Coventry Education Partnership Holdings Limited

Consolidated Statement of Changes in Equity

Year ended 31 December 2020

	Note	Called up share capital £000	Cash flow hedge reserve £000	Profit and loss account £000	Total equity £000
At 1 January 2019		10	(2,285)	353	(1,922)
Profit for the financial year		–	–	98	98
Other comprehensive expense for the year:					
Fair value movements on cash flow hedging instruments		–	(13)	–	(13)
Tax recognised in relation to change in fair value cash flow hedges	9	–	2	–	2
Total comprehensive income for the financial year		–	(11)	98	87
Dividends paid and payable	10	–	–	(33)	(33)
Total investments by and distributions to owners		–	–	(33)	(33)
At 31 December 2019		10	(2,296)	418	(1,868)
Profit for the financial year		–	–	109	109
Other comprehensive expense for the year:					
Fair value movements on cash flow hedging instruments		–	(137)	–	(137)
Tax recognised in relation to change in fair value cash flow hedges	9	–	81	–	81
Total comprehensive income for the financial year		–	(56)	109	53
At 31 December 2020		10	(2,352)	527	(1,815)

The notes on pages 15 to 26 form part of these financial statements.

Coventry Education Partnership Holdings Limited

Company Statement of Changes in Equity

Year ended 31 December 2020

	Note	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 January 2019		10	–	10
Profit for the financial year		–	33	33
Total comprehensive income for the financial year		–	33	33
Dividends paid and payable	10	–	(33)	(33)
Total investments by and distributions to owners		–	(33)	(33)
At 31 December 2019		10	–	10
Result for the financial year		–	–	–
At 31 December 2020		<u>10</u>	<u>–</u>	<u>10</u>

The notes on pages 15 to 26 form part of these financial statements.

Coventry Education Partnership Holdings Limited

Consolidated Cash Flow Statement

Year ended 31 December 2020

	2020 £000	2019 £000
Cash flows from operating activities		
Profit for the financial year	109	98
<i>Adjustments for:</i>		
Interest receivable and similar income	(904)	(944)
Interest payable and similar expenses	879	914
Tax on profit	9	22
<i>Changes in:</i>		
Trade and other debtors	496	494
Trade and other creditors	(30)	235
Cash generated from operations	559	819
Interest paid	(856)	(891)
Interest received	904	944
Tax paid	(10)	(22)
Net cash generated from operating activities	597	850
Cash flows from financing activities		
Repayment of bank loan	(627)	(640)
Dividends paid	–	(33)
Net cash used in financing activities	(627)	(673)
Net (decrease)/increase in cash and cash equivalents	(30)	177
Cash and cash equivalents at beginning of year	1,652	1,475
Cash and cash equivalents at end of year	1,622	1,652

Analysis of changes in net debt

	At 1 Jan 2020 £000	Cash flows £000	Other non-cash changes £000	At 31 Dec 2020 £000
Net cash:				
Cash at bank and in hand	1,652	(30)	–	1,622
Debt:				
Debt due within 1 year	(845)	627	(629)	(847)
Debt due after more than 1 year	(11,312)	–	614	(10,698)
	(12,157)	627	(15)	(11,545)
Net debt	(10,505)	597	(15)	(9,923)

The notes on pages 15 to 26 form part of these financial statements.

Coventry Education Partnership Holdings Limited

Notes to the Financial Statements

Year ended 31 December 2020

1. General information

Coventry Education Partnership Holdings Limited is a private company limited by shares incorporated in the United Kingdom which is registered and domiciled in the United Kingdom at Part First Floor, 1 Grenfell Road, Maidenhead, Berkshire, SL6 1HN. The principal activity of the company is that of a holding company with a single subsidiary, Coventry Education Partnership Limited.

2. Statement of compliance

These financial statements were prepared in accordance with Section 1A of the Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") and the Companies Act 2006. The presentation currency of these financial statements is Pound Sterling and is rounded to the nearest thousand.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

3. Summary of significant accounting policies

Measurement convention

The financial statements were prepared on the historical cost convention except that the following assets and liabilities are stated at their fair value: derivative financial instruments.

Going concern

The directors have reviewed the cash flow forecast and taking into account reasonable possible changes in operations, believe that the group and company will be able to settle liabilities as they fall due for payment for the foreseeable future and therefore consider that it is appropriate to prepare these financial statements on a going concern basis.

Exemptions for qualifying entities under FRS 102

The company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemption available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes.
- Basic Financial Instruments and Other Financial Instrument Issues.

Critical accounting estimates and judgements

The preparation of financial statements in conformity with FRS 102 requires management to make judgements, estimates and assumptions that affect the 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 on-going 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 estimates in applying the group's accounting policies are described below:

Coventry Education Partnership Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

3. Summary of significant accounting policies *(continued)*

Critical accounting estimates and judgements *(continued)*

Accounting for the service concession requires an estimation of service margins which is based on the forecasted results of the PFI contract. Quarterly management accounts are produced, which compare actual performance with a detailed financial model. Variances are investigated and consideration given to the impact of any major variances. The financial model is updated on a six-monthly basis, to reflect actual performance to date and accommodate any changes in economic assumptions such as, RPI and the UK corporation tax rate. These processes ensure that the project remains robust and viable throughout the life of the contract.

Interest payable on the senior secured funding is calculated using the effective interest rate method. The effective interest rate calculations are based on LIBOR + 0.90%, under the terms of the funding agreement.

Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertaking, Coventry Education Partnership Limited. The acquisition method of accounting has been adopted. The company has taken advantage of section 408 of the Companies Act 2006 not to publish its own Profit and Loss Account.

Turnover

Turnover represents the value of services rendered, excluding sales related taxes, and is recognised to the extent that the group obtains the right to consideration in exchange for its performance. During the operational phase, turnover is recognised as contract activity progresses at a mark-up on costs related to the provision of services. In line with FRS 102 23.22(a), the mark-up is calculated based upon the forecast service revenues and costs over the concession period.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss Account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is recognised on trading losses carried forward and on the fair value movement of the swap derivative.

Coventry Education Partnership Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

3. Summary of significant accounting policies *(continued)*

Taxation *(continued)*

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Investments

Investments in subsidiary undertakings are stated at cost, less an appropriate provision to reflect any impairment in the value of the investments.

Financial instruments

Trade and other debtors / creditors

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 rate method, less any impairment losses in the case of trade debtors.

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 rate method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and treasury deposits.

Other financial instruments

Financial instruments not considered to be basic financial instruments (other financial instruments)

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss except as follows:

- hedging instruments in a designated hedging relationship shall be recognised as set out below.

Coventry Education Partnership Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

3. Summary of significant accounting policies *(continued)*

Derivative financial instruments and hedging

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

Cash flow hedges

The group has entered into an interest rate swap and designated these as hedges for highly probable forecast transaction. The effective part of any gain or loss on the derivative financial instrument is recognised directly in other comprehensive income. Any ineffective portion of the hedge is recognised immediately in profit or loss. When a hedging instrument expires or is sold, terminated or exercised, or the entity discontinues designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the Profit and Loss Account immediately.

LIBOR reform

On 25 February 2021, the Infrastructure and Projects Authority (IPA) published a PFI guidance note on the discontinuation of LIBOR and the potential impact on PFI projects. LIBOR will cease to exist at the end of 2021, as required by the Bank of England and the Financial Conduct Authority (FCA). For most sectors in the UK, it is proposed that LIBOR will be replaced by a new benchmark interest rate called SONIA (Sterling Overnight Index Average). SONIA is based on actual historic transactions and reflects the average of the interest rates that banks pay to borrow sterling overnight from financial institutions and other institutional investors. The guidance published a number of potential consequences on the discontinuation of LIBOR. A potential consequence is that the change from LIBOR may crystallise liabilities that a Special Purpose Company (SPC) owes under its existing swap arrangements. The IPA is expected to publish further guidance later in 2021, once this issue has been investigated further, and an accepted market protocol has been accepted, to avoid any break costs or mismatch in the SPC's swap liabilities after the move away from LIBOR.

Finance debtor

The group is an operator of a PFI contract. The underlying asset is not deemed to be an asset of the group under FRS 102 section 34.12C, 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 an asset specific interest rate. The remainder of the PFI unitary charge income is included within turnover in accordance with FRS 102 section 23.22(a). 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.

Coventry Education Partnership Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

3. Summary of significant accounting policies *(continued)*

Interest payable

Interest payable and similar expenses include interest payable on borrowings and associated on-going financing fees. Interest payable is recognised in the Profit and Loss Account, using the effective interest rate method.

Interest receivable

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.

4. Turnover

Turnover arises from:

	2020 £000	2019 £000
Service income	<u>1,921</u>	<u>1,672</u>

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

5. Auditor's remuneration

	2020 £000	2019 £000
Audit of these financial statements	<u>14</u>	<u>16</u>

The audit fee in respect of the group was £14,000 (2019: £16,000) of which £2,000 (2019: £3,000) relates to the company. All of these costs have been borne by the subsidiary undertaking.

Auditor's remuneration is paid to Johnston Carmichael LLP (2019: PricewaterhouseCoopers LLP).

6. Staff costs and directors' remuneration

The group and company had no employees during the year (2019: nil). No key management personnel received any remuneration during the year (2019: nil). The directors have no contract of service with the group. During the year the group incurred charges of £109,000 (2019: £106,000) from BBGI Management HoldCo S.à r.l. (a direct and wholly owned subsidiary of BBGI Global Infrastructure S.A. (formerly BBGI SICAV S.A.), the ultimate parent undertaking and controlling party), for making available the services of the directors.

Coventry Education Partnership Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

7. Interest receivable and similar income

	2020 £000	2019 £000
Bank interest receivable	4	10
Finance debtor interest receivable	900	934
	<u>904</u>	<u>944</u>

Interest is imputed on the finance debtor using an asset specific interest rate of 7%.

8. Interest payable and similar expenses

	2020 £000	2019 £000
Interest payable on bank loan	581	622
Interest payable on subordinated debt	291	283
Other interest payable and similar expenses	7	9
	<u>879</u>	<u>914</u>

9. Tax on profit

Tax expense

	2020 £000	2019 £000
Current tax:		
UK current tax expense	25	25
Adjustments in respect of prior periods	(12)	(1)
Effect of changes in tax rates	(1)	-
Total current tax	<u>12</u>	<u>24</u>
Deferred tax:		
Origination and reversal of timing differences	(3)	(2)
Tax on profit	<u>9</u>	<u>22</u>

Tax recognised as other comprehensive income or equity

The aggregate deferred tax relating to items recognised as other comprehensive income or equity for the year was £81,000 (2019: £2,000). The effect of changes in tax rates and laws is £55,000 (2019: £nil).

Coventry Education Partnership Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

9. Tax on profit *(continued)*

Reconciliation of tax expense

The tax assessed on the profit before taxation for the year is lower than (2019: lower than) the standard rate of corporation tax in the UK of 19% (2019: 19%).

	2020 £000	2019 £000
Profit before taxation	118	120
Profit before taxation by rate of tax	22	23
Adjustments in respect of prior periods	(12)	(1)
Effect of changes in tax rates	(1)	-
Tax on profit	9	22

Tax rate changes

In the budget on 3 March 2021, the Chancellor of the Exchequer announced that the UK corporation tax rate will increase to 25% from 1 April 2023, which was substantively enacted on 10 June 2021. This will increase the group's future current tax charge accordingly. Deferred tax at 31 December 2020 has been calculated based on the rate of 19% substantively enacted at the balance sheet date.

10. Dividends paid and payable

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2020 £000	2019 £000
Dividends on ordinary shares	-	33

During the year, the company made a dividend payment of £nil (2019: £33,000) to its shareholder, BBGI Investments S.C.A. (an indirect and wholly owned subsidiary of BBGI Global Infrastructure S.A. (formerly BBGI SICAV S.A.)).

11. Investments

Company	Shares in subsidiary undertaking £000
Cost	
At 1 January 2020 and 31 December 2020	10
Accumulated impairment	
At 1 January 2020 and 31 December 2020	-
Carrying amount	
At 31 December 2020	10
At 31 December 2019	10

Coventry Education Partnership Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

11. Investments *(continued)*

The company owns 100% of the issued share capital (£10,000) of Coventry Education Partnership Limited, which are both registered and domiciled in the United Kingdom at Part First Floor, 1 Grenfell Road, Maidenhead, Berkshire, SL6 1HN. The principal activity of Coventry Education Partnership Limited is the provision of operational and maintenance services for the Caludon Castle School.

12. Debtors

Debtors falling due within one year are as follows:

	Group		Company	
	2020	2019	2020	2019
	£000	£000	£000	£000
Trade debtors	16	5	-	-
Finance debtor	563	524	-	-
Prepayments and accrued income	36	19	-	-
	<u>615</u>	<u>548</u>	<u>-</u>	<u>-</u>

Debtors falling due after one year are as follows:

	Group		Company	
	2020	2019	2020	2019
	£000	£000	£000	£000
Deferred tax asset	552	470	-	-
Finance debtor	12,289	12,852	-	-
	<u>12,841</u>	<u>13,322</u>	<u>-</u>	<u>-</u>

13. Restricted cash

	Group		Company	
	2020	2019	2020	2019
	£000	£000	£000	£000
Restricted cash	<u>1,132</u>	<u>-</u>	<u>-</u>	<u>-</u>

The group is a party to a 30-year PFI agreement entered into on 7th December 2004. In order to fulfil its obligations under the PFI agreement the group has granted a long term without recourse contract to a specialist FM Contracting provider. The group is obligated to keep a separate cash reserve in respect of future lifecycle costs. This restricted cash balance amounts to £1,132,000 at the year-end (2019: £787,000). Included in this balance is an amount of deferred lifecycle costs of £458,000 at year-end (2019: £370,000). The liability to the subcontractor is recognised within the financial model, which includes all of the forecast revenues and costs for the project, but it is not currently accrued in the accounts. It will be recognised in the accounts of the period when the works are completed.

Coventry Education Partnership Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

14. Creditors: amounts falling due within one year

	Group		Company	
	2020	2019	2020	2019
	£000	£000	£000	£000
Bank loan	774	773	-	-
Trade creditors	228	110	-	-
Corporation tax	25	25	-	-
Taxation and social security	87	103	-	-
Subordinated debt (including accrued interest)	73	72	-	-
Accruals and deferred income	166	285	-	-
	<u>1,353</u>	<u>1,368</u>	<u>-</u>	<u>-</u>

15. Creditors: amounts falling due after more than one year

	Group		Company	
	2020	2019	2020	2019
	£000	£000	£000	£000
Bank loan	8,377	8,996	-	-
Subordinated debt	2,321	2,316	-	-
Deferred tax liability	11	12	-	-
Swap liability	2,903	2,766	-	-
Accruals and deferred income	1,928	1,932	-	-
	<u>15,540</u>	<u>16,022</u>	<u>-</u>	<u>-</u>

Included within Bank loan is an amount repayable after five years of £5,793,000 (2019: £6,352,000) and included within subordinated debt are amounts repayable after five years of £2,270,000 (2019: £2,270,000).

Borrowings relate to senior secured funding granted by a consortium of banks led by Sumitomo Mitsui Banking Corporation Europe Limited. The senior facilities are for a total value of £20,450,000.

The senior loan facilities consist of three separate facilities; a change in law facility of £700,000 which has not yet been drawn down, a debt service facility of £1,050,000 which has not yet been drawn down and a term loan facility of £18,700,000 which is repayable in 53 six-monthly instalments. As at 31 December 2020, the term loan of £9,151,000 (2019: £9,769,000) includes an outstanding loan facility of £9,165,000 (2019: £9,792,000) and an effective interest rate adjustment of £(150,000) (2019: £(169,000)) in relation to the term loan facility. Interest is charged on amounts drawn under the facility at LIBOR + 0.90%. At the year-end, interest payable on the term loan facility was £24,000 (2019: £44,000).

The senior loan facility is secured by a fixed charge over all leasehold interests, book debts, project accounts and intellectual property of the group and by a floating charge over the group's undertakings and assets.

The group has entered into an interest rate swap agreement under the bank loan in order to fix the base interest rate (LIBOR) at 4.97% on the facilities to 2033. At the year-end, interest payable on the swap facilities was £112,000 (2019: £102,000).

Coventry Education Partnership Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

15. Creditors: amounts falling due after more than one year *(continued)*

Subordinated debt of £2,394,000 (2019: £2,388,000) includes an unsecured loan facility of £2,270,000 (2019: £2,270,000) due to BBGI Investments S.C.A., and an effective interest rate adjustment of £52,000 (2019: £46,000) in relation to the subordinated loan facility. The subordinated loan facility bears interest at a fixed rate of 12.5% and is fully repayable by 2034. At the year-end, interest payable on the subordinated loan facility was £72,000 (2019: £72,000).

16. Deferred tax

The deferred tax asset included in the group balance sheet is as follows:

	Group		Company	
	2020	2019	2020	2019
	£000	£000	£000	£000
Included in debtors (note 12)	552	470	-	-

The deferred tax account consists of the tax effect of timing differences in respect of:

	Group		Company	
	2020	2019	2020	2019
	£000	£000	£000	£000
Deferred tax on revaluation of fair value of derivatives	552	470	-	-

The deferred tax liability included in the group balance sheet is as follows:

	2020	2019	2020	2019
	£000	£000	£000	£000
Deferred tax in relation to the effective interest rate adjustment (note 15)	11	12	-	-

17. Financial instruments

(a) The carrying amount for each category of financial instrument is as follows:

Financial liabilities measured at fair value through other comprehensive income

	Group	
	2020	2019
	£000	£000
Interest rate swap	(2,903)	(2,766)

(b) Financial instruments measured at fair value

Derivative financial instruments

Market values have been used to determine the fair value of the swap arrangement.

Coventry Education Partnership Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

17. Financial instruments *(continued)*

(c) Hedge accounting

The following table indicates the periods in which the cash flows associated with the cash flow hedging instrument are expected to occur as required by FRS102.29(a) for the cash flow hedge accounting models and also the associated cash flow hedging instruments are expected to affect profit and loss:

	Carrying Amount £000	Within 1 year £000	Between 1-2 years £000	Between 2-5 years £000	5 years and over £000
31 December 2020					
Interest rate swap	<u>(2,903)</u>	<u>(264)</u>	<u>(203)</u>	<u>(328)</u>	<u>(366)</u>
31 December 2019					
Interest rate swap	<u>(2,766)</u>	<u>(360)</u>	<u>(264)</u>	<u>(439)</u>	<u>(457)</u>

The group has entered into an interest rate swap agreement under the bank loan in order to fix the base interest rate (LIBOR) at 4.97% on the facilities to 2033. At the year end all the group's floating rate borrowings were at fixed rates after taking account of interest rate swaps.

(d) Fair values

The amounts for all financial assets and financial liabilities carried at fair value are as follows:

	2020 £000	2019 £000
Interest rate swap	<u>(2,903)</u>	<u>(2,766)</u>

18. Called up share capital

Group and company

Issued, called up and fully paid

	2020		2019	
	No.	£000	No.	£000
Ordinary shares of £1 each	<u>10,000</u>	<u>10</u>	<u>10,000</u>	<u>10</u>

19. Reserves

Cash flow hedge reserve

The hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Coventry Education Partnership Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

20. Related parties

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

	Transactions with related parties		Payables to related parties	
	2020	2019	2020	2019
	£000	£000	£000	£000
BBGI Management HoldCo S.à r.l.	109	106	27	26
BBGI Investments S.C.A.	291	283	2,394	2,388

The group incurred directors' fees of £109,000 (2019: £106,000) from BBGI Management HoldCo S.à r.l. (a direct and wholly owned subsidiary of BBGI Global Infrastructure S.A. (formerly BBGI SICAV S.A.)). At the year-end there was £27,000 (2019: £26,000) payable to BBGI Management HoldCo S.à r.l. in respect of directors' fees.

The group incurred interest of £291,000 (2019: £283,000) on the subordinated loan facility payable to BBGI Investments S.C.A. (an indirect and wholly owned subsidiary of BBGI Global Infrastructure S.A. (formerly BBGI SICAV S.A.)). At the year-end there was £2,394,000 (2019: £2,388,000) payable to BBGI Investments S.C.A. in respect of the subordinated loan facility.

21. Parent undertaking

At 31 December 2020 and 31 December 2019, 100% of the share capital in the company was held by BBGI Investments S.C.A. (an indirect and wholly owned subsidiary of BBGI Global Infrastructure S.A. (formerly BBGI SICAV S.A.)).

BBGI Global Infrastructure S.A. (formerly BBGI SICAV S.A.) is the ultimate parent undertaking and controlling party during the years ended 31 December 2020 and 31 December 2019.

BBGI Global Infrastructure S.A. (formerly BBGI SICAV S.A.) is a Luxembourg investment company, listed on the London Stock Exchange.

The largest group in which the results of the company are consolidated is that headed by Coventry Education Partnership Holdings Limited, registered and domiciled in the United Kingdom at Part First Floor, 1 Grenfell Road, Maidenhead, Berkshire, SL6 1HN. Copies of Coventry Education Partnership Holdings Limited financial statements can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.