

**Company Registration No. 05321895**

**Academy Services (Sheffield) Holdings Limited**

**Report and Financial Statements**

**31 December 2013**

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# **Academy Services (Sheffield) Holdings Limited**

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# **Academy Services (Sheffield) Holdings Limited**

## **Officers and professional advisers**

### **Directors**

J A Young  
R W Driver  
G D Simpson

### **Secretary**

J A Cheadle

### **Registered office**

55 Baker Street  
London  
W1U 8EW

### **Bankers**

National Westminster Bank Plc

### **Auditor**

Deloitte LLP  
Chartered Accountants and Statutory Auditor  
2 New Street Square  
London  
EC4A 3BZ

# Academy Services (Sheffield) Holdings Limited

## Directors' report

The directors of Academy Services (Sheffield) Holdings Limited ("the company") present their annual report and the audited financial statements for the year ended 31 December 2013. This directors' report has been prepared in accordance with the special provisions relating to small companies under Part 15 of the Companies Act 2006.

### Business review and principal activities

The company is owned equally by Redwood Partnership Ventures 2 Limited ("RPV2") and the Trustees of Kier Group Pension Fund ("KGPF") through Sheff Schools Topco Limited ("SSTL").

The company acts as the holding company of a single subsidiary, Academy Services (Sheffield) Limited ("ASSL"), together referred to as "the group". ASSL's principal activity is the design, construction, refurbishment, financing and maintenance of four schools in the Sheffield area under the UK Government's Private Finance Initiative and in accordance with the terms of an agreement with Sheffield City Council. That agreement, together with a loan facilities management contract and other related contracts, was signed on 29 April 2005. The concession period runs until July 2031 and the schools have been fully operational since 2007.

There have not been any significant changes in the company's principal activities in the period under review. The directors are not aware, at the date of this report, of any likely major changes in company's activities in the next year.

### Results and dividends

As shown in the profit and loss account on page 6, apart from dividends received from ASSL, the company's only income and expenditure consist of interest received on its subordinated loan notes due from ASSL and the same amount of interest paid on its loan notes due to SSTL, Kajima Partnerships Limited ("KPL"), Infrastructure Investments General Partner Limited (for and on behalf of Infrastructure Investments Limited Partnership ("IILP")) and RPV2.

During the year the company paid dividends totalling £200,000 (18 month period ended 31.12.12: £400,000) to its shareholders, RPV2 and KGPF. The directors recommend that no final dividend be paid (18 month period ended 31.12.12: £nil).

### Financial risk management

In view of the fact that the company has no trade and owes, and is owed, equal amounts of loans on identical terms, the directors do not consider that it is exposed to any financial risks. However, ASSL is exposed to credit risk, interest rate risk and liquidity risk.

#### *Credit risk*

ASSL's credit risk is attributable to its unitary charge income from its sole customer, Sheffield City Council. As this is a quasi-governmental organisation, the credit risk and associated cash flow risk are not considered significant.

#### *Interest rate risk*

ASSL's bank loan bears interest at a rate that fluctuates with the money market. ASSL mitigates the risk of an increased interest rate by the use of swap agreements to convert the floating interest rate to a fixed rate.

#### *Liquidity risk*

ASSL mitigates its liquidity risk by the use of long-term borrowings and by maintaining reserve bank accounts to provide short-term liquidity against future debt service and other expenditure requirements. In addition, ASSL maintains a rolling cash flow forecast based on the bank-approved financial model, which is regularly updated to reflect actual cash movements and any projected changes. This forecast is used to monitor ASSL's ability to meet its future cash commitments and ensure compliance with the bank covenants.

# Academy Services (Sheffield) Holdings Limited

## Directors' report (continued)

### Going concern

The directors do not consider the ability of government authorities to pay unitary fees to be a material risk.

The project forecasts and projections, taking into account of the above risks, show that the group expects to be able to continue to operate within the level of its current facilities and continue to meet loan covenants. The principal loan covenants are historic and forecast financial ratios.

The group meets its day to day working capital requirements principally through a senior debt facility which is in place until January 2030, with interest payments economically hedged through an interest rate swap for the term of the loan. As a result of market uncertainty due to the economic environment, the following are potential risks to the company:

- the ability of key sub-contractors to continue to meet their contractual commitments;
- the ability of the swap provider to continue to meet their contractual commitments; and
- the ability of the debt provider to continue to meet its contractual commitments.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

### Directors

The current directors of the company are shown on page 1. The following changes have taken place during the period or subsequently:

	Appointed	Resigned
I A Wallace		07.08.13
G D Simpson	07.08.13	
M G D Holden		14.02.14
R W Driver	14.02.14	

Qualifying third party indemnity provisions are currently in force for the benefit of certain directors.

### Disclosure of information to auditor

Each of the directors at the date of approval of this report confirms that:

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

### Auditor

Deloitte LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with Section 487(2) of the Companies Act 2006 and, unless the company receives notice under Section 488(1) of the Act, offer themselves for reappointment as auditor in accordance with the Companies Act.

By Order of the Board



J A Cheadle  
Secretary

May 2014

# **Academy Services (Sheffield) Holdings Limited**

## **Directors' responsibilities statement**

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

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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 to 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.

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

We have audited the financial statements of Academy Services (Sheffield) Holdings Limited for the period ended 31 December 2013 which comprise the profit and loss account, the balance sheet, and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Generally Accepted Accounting Practice.

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

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

As explained more fully in the Statement of Directors' responsibilities, 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**

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

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to smaller entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

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

### **Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from preparing a Strategic Report or in preparing the directors' report.



Makhan Chahal ACA (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London, United Kingdom

8 May 2014

## Academy Services (Sheffield) Holdings Limited

### Profit and loss account Year ended 31 December 2013

		Year ended 31 December 2013 £	18 month period ended 31 December 2012 £
Dividend received	6	200,000	400,000
<b>Operating profit</b>		<u>200,000</u>	<u>400,000</u>
Interest receivable and similar income	4	482,299	830,779
Interest payable and similar charges	5	(482,299)	(830,779)
<b>Profit on ordinary activities before taxation</b>		<u>200,000</u>	<u>400,000</u>
Tax charge on ordinary activities	7	-	-
<b>Profit on ordinary activities after taxation</b>	14	<u><u>200,000</u></u>	<u><u>400,000</u></u>

All results are derived from continuing operations.

The company had no other recognised gains or losses for the current year or preceding period. Accordingly, no statement of total recognised gains and losses is required.

The notes on pages 8 to 11 form part of these financial statements.



# Academy Services (Sheffield) Holdings Limited

## Balance sheet 31 December 2013

	Note	2013 £	2012 £
<b>Fixed assets</b>			
Investments	8	100	100
<b>Current assets</b>			
Debtors: amounts falling due after more than one year	9	3,600,000	3,948,160
Debtors: amounts falling due within one year	10	205,952	217,841
		3,805,952	4,166,001
<b>Creditors: amounts falling due within one year</b>	11	(205,952)	(217,841)
<b>Net current assets</b>		3,600,000	3,948,160
<b>Total assets less current liabilities</b>		3,600,100	3,948,260
<b>Creditors: amounts falling due after more than one year</b>	12	(3,600,000)	(3,948,160)
<b>Net assets</b>		100	100
<b>Capital and reserves</b>			
Called up share capital	13	100	100
Profit and loss account	14	-	-
<b>Shareholders' funds</b>	14	100	100

The financial statements of Academy Services (Sheffield) Holdings Limited, registered number 05321895, were approved by the Board of Directors on May 2014 and signed on its behalf by



R W Driver  
Director

The notes on pages 8 to 11 form part of these financial statements.

# **Academy Services (Sheffield) Holdings Limited**

## **Notes to the financial statements Year ended 31 December 2013**

### **1. ACCOUNTING POLICIES**

#### **Accounting convention**

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards and law. The accounting policies described below have been consistently applied in the current period and prior years.

#### **Group accounts**

The company has taken advantage of the exemption conferred by Section 400 of the Companies Act 2006 not to prepare consolidated financial statements as the results of the company are included within the consolidated financial statements of its parent company, Redwood Partnership Ventures 2 Limited incorporated in Great Britain. Consequently, these financial statements present information about the company as an individual undertaking and not about its group.

#### **Cash flow statement**

The company has taken advantage of the exemption provided under Financial Reporting Standard 1 (Revised 1996) not to provide a cash flow statement, in the financial statements on the grounds that the company is small.

#### **Going concern**

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report on pages 2 to 3. The Directors' Report also describes the financial position of the company; its cash flows, liquidity position and borrowing facilities and exposure to credit and liquidity risk. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern bases in preparing the annual report and accounts.

#### **Interest receivable and payable**

Interest is accounted for on an accruals basis.

#### **Investments**

Investments in subsidiary companies are stated at cost less provision for impairment.

#### **Current taxation**

Current tax is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

#### **Deferred taxation**

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not they will be recovered. Deferred tax assets and liabilities are not discounted.

### **2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

The company has no employees other than its directors (2012: nil), who received no remuneration for their services as directors of the company during the period (2012: £nil).

### **3. AUDITOR'S REMUNERATION**

The company's audit fees of £1,000 (2012: £1,000) have been borne by the company's subsidiary.

# Academy Services (Sheffield) Holdings Limited

## Notes to the financial statements Year ended 31 December 2013

### 4. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended 31 December 2013 £	18 month period ended 31 December 2012 £
Subordinated loan interest receivable (Note 9)	482,299	830,779

### 5. INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 31 December 2013 £	18 month period ended 31 December 2012 £
Subordinated loan interest payable (Note 12)	482,299	830,779

### 6. DIVIDEND RECEIVED

	Year ended 31 December 2013 £	18 month period ended 31 December 2012 £
Dividend received from Academy Services (Sheffield) Limited	200,000	400,000

### 7. TAXATION

No current or deferred tax charge or credit arises in the period (2012: £nil).

Under UK GAAP, deferred tax, where applicable, is calculated at the tax rate that has been enacted or substantively enacted at the balance sheet date. Legislation was passed in July 2013 to reduce the main rate of UK corporation tax from 23% to 21% from 1 April 2014 and to 20% from 1 April 2015. It is anticipated that the timing differences will reverse at the reduced tax rate of 20%, which has therefore been applied in the calculation of deferred tax.

### 8. FIXED ASSET INVESTMENT

	2013 £	2012 £
100 ordinary shares of £1 each in subsidiary undertaking	100	100

The investment represents the company's 100% holding in Academy Services (Sheffield) Limited, a company registered in England and Wales, whose activities relate to a private finance initiative project.

# Academy Services (Sheffield) Holdings Limited

## Notes to the financial statements Year ended 31 December 2013

### 9. DEBTORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2013 £	2012 £
Subordinated loan notes	<u>3,600,000</u>	<u>3,948,160</u>

The subordinated loan notes, which are due from Academy Services (Sheffield) Limited, have an interest rate of 13.0% and are repayable after more than five years.

### 10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013 £	2012 £
Subordinated loan interest accrued	<u>205,952</u>	<u>217,841</u>

### 11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013 £	2012 £
Subordinated loan interest accrued	<u>205,952</u>	<u>217,841</u>

### 12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2013 £	2012 £
Subordinated loan notes	<u>3,600,000</u>	<u>3,948,160</u>

The subordinated loan notes have an interest rate of 13.0% and are repayable after more than five years.

### 13. CALLED UP SHARE CAPITAL

	2013 £	2012 £
Allotted, called up and fully paid		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

# Academy Services (Sheffield) Holdings Limited

## Notes to the financial statements Year ended 31 December 2013

### 14. MOVEMENT ON RESERVES AND RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

Company	Share capital £	Profit and loss account £	Total £
At 1 July 2011	100	-	100
Profit for the year	-	400,000	400,000
Dividend paid	-	(400,000)	(400,000)
At 31 December 2012	100	-	100
Profit for the period	-	200,000	200,000
Dividend paid	-	(200,000)	(200,000)
At 31 December 2013	100	-	100

Dividend per share £2,000.00 (2012: £4,000.00)

### 15. TRANSACTIONS WITH DIRECTORS AND OTHER RELATED PARTIES

There are no transactions between the directors to be disclosed.

During the period, the company carried out a number of transactions with related parties in the normal course of business and on an arm's length basis. The names of the related parties and the total value of transactions are shown below:

	Year ended 31 December 2013		18 month period ended 31 December 2012	
	Value of transactions	Payable at year-end £	Value of Transactions £	Payable at period-end £
Kajima Partnerships Limited ("KPL")	58,500	464,745	88,070	464,745
Redwood Partnership Ventures 2 Limited ("RPV2")	7,149	-	63,365	179,784
Sheff Schools Topco Limited <sup>1</sup>	241,150	1,858,981	415,646	2,038,765
Infrastructure Investments General Partner Limited <sup>2</sup>	175,500	1,482,226	264,212	1,482,707

<sup>1</sup>for and on behalf of Trustees of Kier Group Pension Fund

<sup>2</sup>for and on the behalf of Infrastructure Investments Limited Partnership ("IILP")

IILP (indirectly) and KPL (a member of the Kajima group of companies) respectively hold a 75% and 25% interest in RPV2 which, in turn, holds 50% of the company's shares, the other 50% being held by the Trustees of Kier Group Pension Fund through Sheff Schools Topco Limited. The above transactions were in respect of interest payable on the subordinated loan notes (Note 5).

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 (*Related Party Disclosures*) that allows it not to disclose transactions with group companies.

### 16. ULTIMATE AND IMMEDIATE PARENT COMPANY

The share capital of the company is held 50% by Sheff Schools Topco Limited and 50% by Redwood Partnership Ventures 2 Limited.