

REGISTERED NUMBER: 07431413 (England and Wales)

**Directors' Report and
Financial Statements
for the Year Ended 31 December 2017
for
Hertfordshire Schools Building Partnership Limited**

THURSDAY



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for the year ended 31 December 2017**

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Hertfordshire Schools Building Partnership Limited

**Company Information
for the year ended 31 December 2017**

DIRECTORS:

D C Ward
N Mackee
S Pilsworth

REGISTERED OFFICE:

3 More London Riverside
London
SE1 2AQ

REGISTERED NUMBER:

07431413 (England and Wales)

AUDITOR:

KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Hertfordshire Schools Building Partnership Limited

Directors' Report for the year ended 31 December 2017

The directors present their report with the financial statements of the company for the year ended 31 December 2017.

PRINCIPAL ACTIVITY

The principal activities of the company are to build, maintain, provide facilities management and provide ICT equipment to Nobel School and to manage Hertfordshire Schools Building Partnership Phase 1 Limited, the subsidiary of its joint venture investment, in accordance with the terms of an agreement with Hertfordshire County Council. Construction of the school commenced in January 2011 and was completed in January 2013. Provision of management services to Hertfordshire Schools Building Partnership Phase 1 Limited will continue until the end of the contract in August 2037.

As at 31 December 2017, 80% of the company's share capital was held by Building Schools for the Future Investments LLP, and 20% by Hertfordshire County Council. Hertfordshire County Council sold its share capital in Hertfordshire Schools Building Partnership Limited to Building Schools for the Future Investments LLP.

REVIEW OF BUSINESS

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

The statement of comprehensive income set out on page 7 shows a profit for the financial year of £135,000 (2016: £48,000).

DIVIDENDS

The directors recommended the payment of an interim dividend of £46,000 (2016: £46,000).

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

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2017 to the date of this report.

D C Ward
N Mackee

Other changes in directors holding office are as follows:

C A Cook - resigned 1 April 2017
S Pilsworth - appointed 1 April 2017

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the company's strategy are subject to a number of risks. The key risks affecting the company are considered to relate to credit risk, liquidity risk and contractual relationships. The company is exposed to inflation risk as some of its operational costs are RPI linked.

The majority of the company's commercial risks are mitigated through sub-contracts to our key delivery partners in construction and ICT, these partners including Engie Services Limited.

POST BALANCE SHEET EVENTS

There have been no material post balance sheet events which would require disclosure or adjustment to these financial statements.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

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

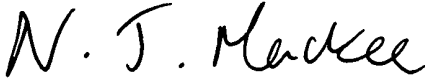
Hertfordshire Schools Building Partnership Limited

**Directors' Report
for the year ended 31 December 2017**

AUDITOR

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

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, reading "N. J. Mackee". The signature is written in a cursive style with a large initial "N" and a long horizontal stroke extending to the right.

.....
N Mackee - Director

Date: 14 June 2018

Hertfordshire Schools Building Partnership Limited

Statement of Directors' Responsibilities for the year ended 31 December 2017

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 estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the Members of Hertfordshire Schools Building Partnership Limited

Opinion

We have audited the financial statements of Hertfordshire Schools Building Partnership Limited ("the company") for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; 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

Under the Companies Act 2006 we are required 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 the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities


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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Independent Auditor's Report to the Members of Hertfordshire Schools Building Partnership Limited

The purpose of our audit work and to whom we owe our responsibilities

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.



James Tracey (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Date: 15 June 2018

Hertfordshire Schools Building Partnership Limited

**Statement of Comprehensive Income
for the year ended 31 December 2017**

	Notes	2017 £'000	2016 £'000
TURNOVER		1,752	1,986
Cost of sales		(1,766)	(1,762)
GROSS (LOSS)/PROFIT		(14)	224
Administrative expenses	2	-	(221)
Other operating income	2	<u>124</u>	<u>-</u>
OPERATING PROFIT	2	110	3
Income from fixed asset investments	7	46	46
Interest receivable and similar income	3	<u>51</u>	<u>44</u>
		207	93
Interest payable and similar expenses	4	<u>(51)</u>	<u>(44)</u>
PROFIT BEFORE TAXATION		156	49
Tax on profit	5	<u>(21)</u>	<u>(1)</u>
PROFIT FOR THE FINANCIAL YEAR		135	48
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>135</u>	<u>48</u>

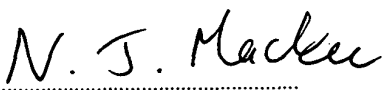
The notes form part of these financial statements

Hertfordshire Schools Building Partnership Limited (Registered number: 07431413)

**Balance Sheet
31 December 2017**

	Notes	2017 £'000	2016 £'000
FIXED ASSETS			
Investments	7	-	-
CURRENT ASSETS			
Debtors: amounts falling due within one year	8	611	852
Cash at bank		<u>450</u>	<u>327</u>
		1,061	1,179
CREDITORS			
Amounts falling due within one year	9	<u>(236)</u>	<u>(436)</u>
NET CURRENT ASSETS		<u>825</u>	<u>743</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		825	743
CREDITORS			
Amounts falling due after more than one year	10	<u>(416)</u>	<u>(423)</u>
NET ASSETS		<u>409</u>	<u>320</u>
CAPITAL AND RESERVES			
Called up share capital	11	-	-
Retained earnings	12	<u>409</u>	<u>320</u>
SHAREHOLDERS' FUNDS		<u>409</u>	<u>320</u>

The financial statements were approved by the Board of Directors on 14 June 2018 and were signed on its behalf by:


.....
N Mackee - Director

The notes form part of these financial statements

Hertfordshire Schools Building Partnership Limited

**Statement of Changes in Equity
for the year ended 31 December 2017**

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2016	-	318	318
Changes in equity			
Dividends	-	(46)	(46)
Total comprehensive income	-	48	48
Balance at 31 December 2016	-	320	320
Changes in equity			
Dividends	-	(46)	(46)
Total comprehensive income	-	135	135
Balance at 31 December 2017	-	409	409

The notes form part of these financial statements

Hertfordshire Schools Building Partnership Limited

**Cash Flow Statement
for the year ended 31 December 2017**

	Notes	2017 £'000	2016 £'000
Cash flows from operating activities			
Cash generated from operations	14	144	(182)
Interest paid		(48)	(44)
Tax paid		(21)	-
Net cash from operating activities		<u>75</u>	<u>(226)</u>
Cash flows from investing activities			
Interest received		48	44
Dividends received		<u>46</u>	<u>46</u>
Net cash from investing activities		<u>94</u>	<u>90</u>
Cash flows from financing activities			
Equity dividends paid		<u>(46)</u>	<u>(46)</u>
Net cash from financing activities		<u>(46)</u>	<u>(46)</u>
Increase/(decrease) in cash and cash equivalents		<u>123</u>	<u>(182)</u>
Cash and cash equivalents at beginning of year		<u>327</u>	<u>509</u>
Cash and cash equivalents at end of year	15	<u><u>450</u></u>	<u><u>327</u></u>

The notes form part of these financial statements

Hertfordshire Schools Building Partnership Limited

Notes to the Financial Statements for the year ended 31 December 2017

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

Hertfordshire Schools Building Partnership Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 102. The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling, which is the functional currency of the company. All amounts in the financial statements have been rounded to the nearest £1,000, unless specified otherwise.

The financial statements are prepared on the historical cost basis.

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

Going concern

The directors have reviewed the cash flow forecast and taking into account reasonable possible risks in operations to the Company they 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.

Turnover

In accordance with FRS 102, Section 23. Turnover represents the value, net of value added tax and discounts, of goods provided to customers and work carried out in respect of services provided to customers.

Revenue and expenses are recognised on an accruals basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises. Revenue is measured at the fair value of the consideration received, net of discounts and taxes.

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 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.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Interest-bearing loans and borrowings

All interest-bearing loans and borrowings which are basic financial instruments are initially recognised at the present value of the future payments discounted at a market rate of interest for a similar loan. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Short term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Statement of comprehensive income in administrative expenses.

Interest receivable and interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions.

Other interest receivable and similar income include interest receivable on funds invested. Interest income and interest payable are recognised in profit or loss as they accrue. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established.

Notes to the Financial Statements - continued
for the year ended 31 December 2017

1. ACCOUNTING POLICIES - continued

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amount reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

There are no significant accounting estimates or judgements required in the preparation of these financial statements.

2. OPERATING PROFIT

	2017 £'000	2016 £'000
Administrative expenses	-	221
Release of surplus accruals	(123)	-
	<u>(123)</u>	<u>221</u>

The following costs were incurred during the year:

	2017 £'000	2016 £'000
Auditor's remuneration - audit of these financial statements	<u>4</u>	<u>4</u>

There were no employees during the year (2016: none). The directors have no contract of service with the company (2016: none). The directors received no salary, fees or other benefits in the performance of their duties in respect of their services to the company (2016: £nil.).

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	2017 £'000	2016 £'000
Sub debt interest receivable	<u>51</u>	<u>44</u>

4. INTEREST PAYABLE AND SIMILAR EXPENSES

	2017 £'000	2016 £'000
Subordinated loan interest	<u>51</u>	<u>44</u>

5. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2017 £'000	2016 £'000
Current tax:		
UK corporation tax	<u>21</u>	<u>1</u>
Tax on profit	<u>21</u>	<u>1</u>

UK corporation tax has been charged at 19.25% (2016 - 20%).

Hertfordshire Schools Building Partnership Limited

Notes to the Financial Statements - continued for the year ended 31 December 2017

5. TAXATION - continued

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is lower than (2016: lower than) the standard rate of corporation tax in the UK.

	2017 £'000	2016 £'000
Profit before tax	<u>156</u>	<u>49</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	30	10
Effects of:		
Prior year adjustment	-	-
Dividends not subject to taxation	<u>(9)</u>	<u>(9)</u>
Total tax charge	<u>21</u>	<u>1</u>

Factors affecting the tax charges in future years

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) was substantively enacted on 26 October 2015. Further reductions to 18% (effective 1 April 2020) was substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 December 2017 has been calculated based on these rates.

6. DIVIDENDS

	2017 £'000	2016 £'000
Ordinary shares of £1 each		
Interim dividend	<u>46</u>	<u>46</u>

7. FIXED ASSET INVESTMENTS

Shares in Underlying Investments

	Nominal Value	2017 Number	2017 £	2016 £
At 1 January and 31 December:				
Ordinary Shares	9.8p each	100	<u>10</u>	<u>10</u>

The Company has an investment in the following undertaking;

Name: Hertfordshire Schools Building Partnership Phase 1 Holdings Limited
Activity: Holdings of a wholly-owned PFI Concession Company
Country of incorporation: Great Britain
Registered address: 3 More London Riverside, London, SE1 2AQ
Shareholding: 10%

	2017 £'000	2016 £'000
Dividends received from fixed asset investment	<u>46</u>	<u>46</u>

Hertfordshire Schools Building Partnership Limited

Notes to the Financial Statements - continued for the year ended 31 December 2017

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £'000	2016 £'000
Trade debtors	105	315
Other debtors and accrued income	<u>506</u>	<u>537</u>
	<u>611</u>	<u>852</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £'000	2016 £'000
Trade creditors	66	258
Amounts owed to group undertakings	20	17
Corporation Tax	24	24
Other creditors and accruals	<u>126</u>	<u>137</u>
	<u>236</u>	<u>436</u>

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2017 £'000	2016 £'000
Subordinated debt payable	<u>416</u>	<u>423</u>

An analysis of the maturity of the group loan is given below:

	2017 £'000	2016 £'000
Repayment schedule of the group loan:		
Wholly repayable within five years	39	45
Not wholly repayable within five years	<u>384</u>	<u>395</u>
	<u>423</u>	<u>440</u>

Amounts owed to group undertakings comprise loan stock of £338,000 (2016: £355,000) from BSFI LLP and £85,000 (2016: £88,000) from Hertfordshire County Council. The borrowings bear interest at 8.7% above RPIx per annum and are repayable in instalments on or before September 2037. There was £14,000 (2016: £11,000) of accrued interest on these loans outstanding at the year end.

11. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number	Class	Nominal Value:	2017 £'000	2016 £'000
100	Ordinary	£1	<u>100</u>	<u>100</u>

**Hertfordshire Schools Building
Partnership Limited**

**Notes to the Financial Statements - continued
for the year ended 31 December 2017**

12. RESERVES

	Retained earnings £'000
At 1 January 2017	320
Profit for the year	135
Dividends	<u>(46)</u>
At 31 December 2017	<u><u>409</u></u>

13. RELATED PARTY DISCLOSURES

At 31 December 2017, subordinated loan stock totalled £422,000 (2016: £428,000) split between Building Schools for the Future LLP £338,000 (2016: £343,000) and Hertfordshire County Council £84,000 (2016: £86,000). The accrued interest on subordinated loan stock totalled £14,000 (2016: £11,000), divided between Building Schools for the Future LLP £11,000 (2016: £9,000) and Hertfordshire County Council £3,000 (2016: £2,000).

The company provided management services during the year to Hertfordshire Schools Building Partnership Phase 1 Limited at a cost of £220,000 (2016: £218,000). The company was owed £nil (2016: £nil) at the year end by Hertfordshire Schools Building Partnership Phase 1 Limited.

14. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2017 £'000	2016 £'000
Profit before taxation	156	49
Interest payable and similar expenses	51	44
Income from investing activities	<u>(97)</u>	<u>(90)</u>
	110	3
Decrease/(increase) in trade and other debtors	241	(148)
Decrease in trade and other creditors	<u>(207)</u>	<u>(37)</u>
Cash generated from operations	<u><u>144</u></u>	<u><u>(182)</u></u>

15. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2017

	31/12/17 £'000	1/1/17 £'000
Cash and cash equivalents	<u><u>450</u></u>	<u><u>327</u></u>

Year ended 31 December 2016

	31/12/16 £'000	1/1/16 £'000
Cash and cash equivalents	<u><u>327</u></u>	<u><u>509</u></u>