

**Hull Esteem Consortium Debtco2 Limited**  
**Annual Report and Financial Statements**  
**31 December 2015**

TUESDAY



\*S5AK6A16\*  
SCT 05/07/2016 #2  
COMPANIES HOUSE

---

# **Hull Esteem Consortium Debtco2 Limited**

## **Annual Report and Financial Statements**

**Year Ended 31 December 2015**

<b>Contents</b>	<b>Page</b>
Officers and professional advisers	<b>1</b>
Directors' report	<b>2</b>
Directors' responsibilities statement	<b>3</b>
Independent auditors' report to the members	<b>4</b>
Statement of comprehensive income	<b>6</b>
Statement of financial position	<b>7</b>
Statement of changes in equity	<b>8</b>
Notes to the financial statements	<b>9</b>

# **Hull Esteem Consortium Debtco2 Limited**

## **Officers and Professional Advisers**

### **The board of directors**

A P Fordyce (Resigned 14 April 2015)  
A D Clapp  
R A Cawkwell  
D A Leedham  
J McDonagh

### **Company secretary**

Infrastructure Managers Limited

### **Registered office**

Cannon Place  
78, Cannon Street  
London  
United Kingdom  
EC4N 6AF

### **Auditor**

RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP)  
Chartered Accountants & Statutory Auditors  
First Floor, Quay 2  
139 Fountainbridge  
Edinburgh  
EH3 9QG

# **Hull Esteem Consortium Debtco2 Limited**

## **Directors' Report**

### **Year Ended 31 December 2015**

The directors present their report and the financial statements of the company for the year ended 31 December 2015

#### **Principal Activities**

The principal activity of the company during the year was to act as a debt financing company of Hull Esteem Consortium Projectco2 Limited, whose activity is to design, build, finance and operate three schools in Hull

The directors have the reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the financial statements. Further details can be found in the statements of accounting policies in the notes to the financial statements.

#### **Performance Review**

The entity transition from previous UK GAAP to FRS 102 as at 1 January 2014. The accounts for both years are presented under FRS 102, the adjustments to the prior year reported financial position and financial performance are given in note 16.

The profit for the year, after taxation, amounted to £nil (2014: £nil).

The directors are satisfied with the overall performance of the Company and do not foresee any significant change in the Company's activities in the coming financial year.

#### **Directors**

The directors who served the company during the year and up to the date of this report were as follows:

A D Clapp  
R A Cawkwell  
D A Leedham  
J McDonagh  
A P Fordyce (Resigned 14 April 2015)

#### **Change of Company Secretary**

C Sheridan resigned as Company Secretary on 29 February 2016.  
Infrastructure Managers Limited were appointed as Company Secretary on 29 February 2016.

#### **Small Company Provisions**

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

This report was approved by the board of directors on 30/06/16 and signed on behalf of the board by



Infrastructure Managers Limited  
Company Secretary

# Hull Esteem Consortium Debtco2 Limited

## Directors' Responsibilities Statement

### Year Ended 31 December 2015

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

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

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 judgments and accounting estimates that are reasonable and prudent,
- state whether applicable United Kingdom Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements,
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware

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

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

The Directors' Responsibilities were approved by the board on 30/6/16 and signed on its behalf by



A D Clapp

Director

# **Hull Esteem Consortium Debtco2 Limited**

## **Independent Auditors' Report to the Members of Hull Esteem Consortium Debtco2 Limited**

### **Year Ended 31 December 2015**

We have audited the financial statements on pages 6 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 more fully explained in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the Audit of the Financial Statements**

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

### **Opinion on Financial Statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its result for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on Other Matter Prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and, based on the work undertaken in the course of our audit, the Directors' Report has been prepared in accordance with applicable legal requirements.

## Hull Esteem Consortium Debtco2 Limited

### Independent Auditors' Report to the Members of Hull Esteem Consortium Debtco2 Limited *(continued)*

**Year Ended 31 December 2015**

#### **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 in preparing the directors' report and take advantage of the small companies exemptions from the requirement to prepare a strategic report

RSM UK Audit LLP

**Claire Monaghan (Senior Statutory Auditor)**

For and on behalf of RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP), Statutory Auditor  
Chartered Accountants  
First Floor, Quay 2  
139 Fountainbridge  
Edinburgh  
EH3 9QG

1/7/16

# Hull Esteem Consortium Debtco2 Limited

## Statement of Comprehensive Income

Year Ended 31 December 2015

	Note	2015 £	2014 £
Other interest receivable and similar income	6	719,252	727,188
Interest payable and similar charges	7	(719,252)	(727,188)
<b>Result on ordinary activities before taxation</b>		<u>—</u>	<u>—</u>
Tax on profit on ordinary activities		<u>—</u>	<u>—</u>
<b>Result for the financial year and total comprehensive income</b>		<u><b>—</b></u>	<u><b>—</b></u>

All the activities of the company are from continuing operations

The notes on pages 9 to 14 form part of these financial statements.



# Hull Esteem Consortium Debtco2 Limited

## Statement of Financial Position

As at 31 December 2015

	Note	2015 £	2014 £
<b>Fixed assets</b>			
Investments	8	6,132,604	6,204,007
<b>Current assets</b>			
Debtors due within one year	9	180,235	182,334
<b>Creditors: amounts falling due within one year</b>	10	(258,956)	(253,738)
<b>Net current liabilities</b>		(78,721)	(71,404)
<b>Total assets less current liabilities</b>		6,053,883	6,132,603
<b>Creditors amounts falling due after more than one year</b>	11	(6,053,882)	(6,132,602)
<b>Net assets</b>		<u>1</u>	<u>1</u>
<b>Capital and reserves</b>			
Called up share capital	12	1	1
Retained earnings	13	—	—
<b>Shareholders funds</b>		<u>1</u>	<u>1</u>

The financial statements have been prepared and delivered in accordance with the provisions applicable to the small company's regime

These financial statements were approved by the board of directors and authorised for issue on 30/6/16, and are signed on behalf of the board by



A D Clapp  
Director

Company registration number 07669524

The notes on pages 9 to 14 form part of these financial statements.

## **Hull Esteem Consortium Debtco2 Limited**

### **Statement of Changes in Equity**

**Year Ended 31 December 2015**

	Called up share capital £	Retained earnings £	<b>Total £</b>
<b>At 1 January 2014</b>	1	—	1
Profit for the year		—	—
<b>At 31 December 2014</b>	1	—	1
Profit for the year		—	—
<b>At 31 December 2015</b>	<u>1</u>	<u>—</u>	<u>1</u>

The notes on pages 9 to 14 form part of these financial statements

# **Hull Esteem Consortium Debtco2 Limited**

## **Notes to the Financial Statements**

### **Year Ended 31 December 2015**

#### **1. Statement of compliance**

The individual financial statements of Hull Esteem Consortium Debtco2 Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006 and under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities

#### **2 General information**

Hull Esteem Consortium Debtco2 Limited ('the Company') is a limited company incorporated and domiciled in the UK. The address of its registered office is Cannon Place, 78, Cannon Street, London, EC4N 6AF

The principal activity of the company during the year was to act as a debt financing company of Hull Esteem Consortium Projectco2 Limited, whose activity is to design, build, finance and operate three schools in Hull

The company's functional and presentation currency is the pound sterling

#### **3. Accounting policies**

##### **Basis of preparation**

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed further in the accounting policies

The accounting policies stated below have been consistently applied to the years presented, unless otherwise stated

##### **Going concern**

The Company is a debt financing company for Hull Esteem Consortium Projectco2 Limited. The Company finances its investment through equity and borrowing from its shareholders. As at the 31 December 2015 the Company had total amounts due to the shareholders of £6,312,839 (2014 £6,386,340) and amounts due from its subsidiary company of £6,312,839 (2014 £6,386,340). Both of these loans are on the same terms

The directors have reviewed the performance of the Company during 2015 as set out in these financial statements and, after taking account of possible changes that can be envisaged in trading performance, have considered the cash flows forecast and future liquidity requirements of the Company. Having regard to the above and after making enquiries the directors have a reasonable expectation that the company has adequate resources to continue in operation for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual financial report and financial statements

# Hull Esteem Consortium Debtco2 Limited

## Notes to the Financial Statements *(continued)*

### Year Ended 31 December 2015

#### 3 Accounting policies *(continued)*

##### Transition to FRS 102

The entity transitioned from previous UK GAAP to FRS 102 as at 1 January 2014. Details of how FRS 102 has affected the reported financial position and financial performance is given in note 16.

Some of the FRS102 recognition, measurement and presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the directors have amended certain accounting policies to comply with FRS102.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the directors have taken advantage of exemptions to retrospective application of FRS102, permitted by Chapter 35 of FRS102, "Transition to this FRS". Adjustments are recognised directly in retained earnings at the transition date.

##### Disclosure exemptions

The company has taken advantage of the exemption in FRS 102 Section 7 'Statement of Cash Flows' part 1B, which states that a small company is not required to prepare a cash flow statement.

##### Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome.

##### Income tax

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

##### i) Current Tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

##### Investments in associates

Investments are held at cost less provisions for any impairment in value.

Loan stock investment is shown at the cost of the loan advanced less repayments made to date.

# Hull Esteem Consortium Debtco2 Limited

## Notes to the Financial Statements *(continued)*

### Year Ended 31 December 2015

#### 3. Accounting policies *(continued)*

##### Consolidated financial statements

The Company has taken advantage of the exemption in Section 398 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. Consequently, these financial statements present the financial position of the Company as a single entity.

#### 4. Auditor's remuneration

The audit fee of £2,890 (2014 £2,300) and tax fee of £570 (2014 £550) were borne by the subsidiary company Hull Esteem Consortium Projectco2 Limited.

#### 5. Particulars of employees and directors

The average number of persons employed by the company during the financial year was nil (2014 nil). The directors did not receive any remuneration from the Company during the year (2014 £nil).

#### 6. Other interest receivable and similar income

	2015 £	2014 £
Interest on loans and receivables	<u>719,252</u>	<u>727,188</u>

#### 7. Interest payable and similar charges

	2015 £	2014 £
Interest on debenture loans	<u>719,252</u>	<u>727,188</u>

#### 8. Investments

	Loans to participating interests £
<b>Cost</b>	
At 1 January 2015	6,204,007
Disposals	(71,403)
<b>At 31 December 2015</b>	<u><b>6,132,604</b></u>
<b>Impairment</b>	
At 1 Jan 2015 and 31 Dec 2015	<u><b>-</b></u>
<b>Carrying amount</b>	
<b>At 31 December 2015</b>	<u><b>6,132,604</b></u>
At 31 December 2014	<u><b>6,204,007</b></u>

# Hull Esteem Consortium Debtco2 Limited

## Notes to the Financial Statements *(continued)*

### Year Ended 31 December 2015

#### 8. Investments *(continued)*

The fellow subsidiary loan note represents subordinated debt issued by Hull Esteem Consortium Projectco2 Limited, a company registered in England & Wales and a fellow subsidiary of the Company. The principal activity of Hull Esteem Consortium Projectco2 Limited is the provision of construction and operation of three schools in Hull.

The loan notes are secured and repayable over 50 semi-annual periods, with final repayment due in March 2038. Interest is charged at 11.66% per annum and is also payable semi-annually in March and September.

#### 9 Debtors

Debtors falling due within one year are as follows

	2015 £	2014 £
Amounts owed by Group undertakings	<u>180,235</u>	<u>182,334</u>

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

	2015 £	2014 £
Amounts owed to group undertakings	180,235	182,334
Amounts owed to related parties	<u>78,721</u>	<u>71,404</u>
	<u>258,956</u>	<u>253,738</u>

#### 11. Creditors: amounts falling due after more than one year

	2015 £	2014 £
Amounts owed to group undertakings	<u>6,053,882</u>	<u>6,132,602</u>

On 8 January 2013, the Company issued £6,298,858 of unsecured loan stock. The loan stock is subscribed for by Cobalt Project Investments (Hull) Limited, Sewell Education (Hull BSF) Limited and Dalmore Capital (Para 1) Limited. The loan stock has an interest rate and repayment profile equal to that of the Company's investment in its related party, Hull Esteem Consortium Projectco2 Limited.

Amounts payable to related parties consist of accrued interest on the Company's borrowings from Cobalt Project Investments (Hull) Limited, Sewell Education (Hull BSF) Limited and Dalmore Capital (Para 1) Limited mentioned above. Interest on these loan notes is charged at a rate of 11.66%.

#### 12. Called up share capital

Issued, called up and fully paid

	2015		2014	
	No	£	No	£
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

#### 13. Reserves

Retained earnings - This reserve records retained earnings and accumulated losses

# Hull Esteem Consortium Debtco2 Limited

## Notes to the Financial Statements *(continued)*

### Year Ended 31 December 2015

#### 14 Related party transactions

The directors consider the material transactions undertaken by the Company during the year with the related parties with as follows

Name of Party	Relationship	Nature of transaction	Transaction amount during the year ended 31 Dec 15	Transaction amount (to)/by related party as at 31 Dec 15	Transaction amount during the year ended 31 Dec 14	Transaction amount (to)/by related party as at 31 Dec 14
			£	£	£	£
Cobalt Project Investments (Hull) Limited	Shareholder in parent company	Loan note	23,801	(2,044,201)	21,588	(2,068,002)
		Interest payable	(239,751)	(60,078)	(242,396)	(60,778)
Sewell Education (Hull BSF) Limited	Shareholder in parent company	Loan note	23,801	(2,044,201)	21,588	(2,068,002)
		Interest payable	(239,751)	(60,078)	(242,396)	(60,778)
Dalmore Capital (Para 1) Limited	Shareholder in parent company	Loan note	23,801	(2,044,201)	21,588	(2,068,002)
		Interest payable	(239,751)	(60,078)	(242,396)	(60,778)
Hull Esteem Consortium Projectco2 Limited	Fellow subsidiary undertaking	Loan note	71,402	6,132,604	68,106	6,204,006
		Interest receivable	719,252	180,235	727,188	182,333

#### 15. Controlling party

The company's immediate and ultimate parent company is Hull Esteem Consortium PSP Limited. It is the parent undertaking of the largest and smallest group for which financial statements are prepared. Copies of Hull Esteem Consortium PSP Limited consolidated financial statements can be obtained from the Company Secretary at Cannon Place, 78 Cannon Street, London, EC4N 6AF. Hull Esteem Consortium PSP Limited is a jointly owned company with no ultimate controlling party. No one company has overriding control of this Hull Esteem Consortium PSP Limited.

# **Hull Esteem Consortium Debtco2 Limited**

## **Notes to the Financial Statements *(continued)***

### **Year Ended 31 December 2015**

#### **16. Transition to FRS 102**

This is the first year that the company has presented its results under FRS 102. The last financial statements under previous UK GAAP were for the year ended 31 December 2014. The date of transition to FRS 102 was 1 January 2014. The changes in accounting policies between UK GAAP as previously reported and FRS 102 have resulted in no adjustment to the profit for the financial year ended 31 December 2014 and the total equity as at 1 January 2014 and 31 December 2014.