Inspiredspaces Nottingham (Holdings2) Limited

Directors' report and financial statements

Registered number 8121567

For the period from the date of incorporation on 27 June 2012 to 31 December 2012

Directors' report

The directors present their report and consolidated financial statements for the period from incorporation on 27 June 2012 until 31 December 2012

The company was incorporated on 27 June 2012 with an authorised share capital of 1 ordinary share of £1 On 16 August 2012 the authorised share capital was increased from £1 to £10,000 by the creation of 9,999 new ordinary shares of £1 each On the same day a further 9,999 ordinary shares of £1 each were issued at par for cash consideration

On 25 October 2012 the company changed its accounting reference date to 31 December

Principal activities

The principal activity of the company is that of a holding company with a single subsidiary, Inspiredspaces Nottingham (ProjectCo2) Limited

The principle activities of the subsidiary are the design, redevelopment, financing and operation of a school and associated services under the Government's Building Schools for the Future scheme for a period of twenty six years pursuant to and in accordance with the terms of an agreement with the Nottingham City Council This agreement together with a loan facilities agreement, a construction contract, a facilities management contract and other related contracts were signed on 24 August 2012 Construction of the school commenced in August 2012 and is scheduled to be completed in August 2013

The consolidated income statement is set out on page 7 and relates to the operating activities during the period The directors do not recommend the payment of a dividend

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

The directors anticipate that the group will continue its present role during 2013

Principal risks and uncertainties

The group's principal activity as detailed above is risk averse as its trading relationships with its customer, funders and sub-contractors are determined by the terms of their respective detailed contracts The financial risks and the measures taken to mitigate them are as detailed in the following section

Credit risk

The group will receive its revenue from a United Kingdom government body and therefore is not exposed to significant risk

Inflation risk

The group's project revenue and operating costs are linked to inflation at the inception of the project

Insurance risk

The group is exposed to the conditions prevailing in the insurance market at each renewal date The directors manage this through close monitoring of the claims record of the project and through employing experienced broking organisations to obtain competitive insurance terms

Interest rate risk

The group has in place loans on which a fixed rate of interest is paid

Directors' report *(continued)*

Principal risks and uncertainties *(continued)*

Lifecycle risk

The group has contracted out the responsibility for lifecycle costs and these are now at the risk of the sub-contractor A cash lifecycle fund will be held by the company to cover future anticipated replacement costs and will be utilised in reimbursing the sub-contractor for the profiled costs

Liquidity risk

The group has adopted a prudent approach to liquidity management by endeavouring to maintain sufficient cash and liquid resources to meet its obligations as they fall due

Solvency and performance of sub-contractors

The solvency and performance of key sub-contractors is regularly monitored by the directors

The group's operations are managed under the supervision of its shareholders and funders and are largely determined by the detailed terms of the PFI contract which stipulates the monitoring of the key performance criteria on operational activities detailed in the following section

Progress of the works

The group monitors the performance of the works to date by comparing it with the planned schedule agreed at financial close under the design and building scope of the project In addition the client has the ability to levy financial penalties and/or require remedial action in the event that defects are not rectified according to detailed criteria set out in the project agreement The directors believe progress of the works to be satisfactory and that the target construction completion date of 31 August 2013 will be achieved

Performance of the services

Once the project is in operation, the client has the ability to levy financial penalties and/or require remedial action in the event that either performance standards are not achieved or accommodation is not available according to detailed criteria set out in the project agreement

Financial performance

The group has modelled the anticipated financial outcome of the project across its full term The company monitors actual financial performance against anticipated performance Income and expenditure for the period ended 31 December 2012, which are based on fixed long-term contracts, have been in line with the directors' expectations

Safety performance

The group is committed to providing a safe environment for its sub-contractors and those impacted by its activities Safety reports are provided at each board meeting These are reviewed by the directors who monitor actual performance against anticipated performance using industry benchmarks Appropriate action is taken where necessary in order to ensure that all matters raised are fully resolved and are compliant with safety regulations

Results and dividends

The consolidated income statement is set out on page 7 and relates to the operating activities during the period No interim dividend was declared or paid during the period No further dividend is recommended

Directors' report *(continued)*

Directors

The directors who held office during the period were as follows

D Blanchard	Appointed	16 August 2012	Resigned	28 June 2013
D Fisher	Appointed	16 August 2012	Resigned	30 January 2013
T George	Appointed	27 June 2012	Resigned	16 August 2012
M Harding	Appointed	16 August 2012		
N Humby	Appointed	30 January 2013		
I Mason	Appointed	30 January 2013		
L Mills	Appointed	27 June 2012	Resigned	16 August 2012
T Render	Appointed	16 August 2012		
M Trodd	Appointed	16 August 2012		
P Andrews	Appointed	28 June 2013		

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 they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information

Auditor

KPMG LLP was appointed to fill the initial vacancy as auditor pursuant to Section 485 of the Companies Act 2006 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

By order of the board

M Trodd
Director

24 Birch Street
Wolverhampton
WV1 4HY
2013

28th August 2013

Statement of directors' responsibilities in respect of the Directors' report and the financial statements

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 company financial statements for each financial year Under that law they have elected to prepare financial statements in accordance with IFRSs as adopted by the EU 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 parent company of its profit or loss 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 estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRSs as adopted by the EU, 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 parent 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities

Independent auditor's report to the members of Inspiredspaces Nottingham (Holdings2) Limited

We have audited the financial statements of Inspiredspaces Nottingham (Holdings2) Limited for the period from incorporation on 27 June 2012 to 31 December 2012 set out on pages 7 to 28 The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU

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 report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit, and express an opinion, on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council website at 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 group's and of the parent company's affairs as at 31 December 2012 and of the group's profit for the period then ended,
- have been properly prepared in accordance with IFRSs as adopted by the EU, and
- the parent company financial statements have been properly prepared in accordance with IFRS as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006, and
- the financial statements 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

Independent auditor's report to the members of Inspiredspaces Nottingham (Holdings2) Limited *(continued)*

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 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

R J Pound

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

3 September 2013

Consolidated Income Statement
for the 6 month and 3 day period ended 31 December 2012

	Note	**Period ended 31 December 2012 £000**
Continuing operations		
Revenue	*2*	**8,359**
Cost of sales		**(8,085)**
Gross profit	*3*	**274**
Finance income	*5*	**79**
Finance expense	*5*	**(99)**
Net financing expense		**(20)**
Profit before tax		**254**
Income tax charge	*6*	**(61)**
Profit for the period	*14*	**193**

Consolidated Statement of Financial Position
at 31 December 2012

	Note	2012 £000
Assets		
Non current assets		
Other financial assets	*8*	7,860
		7,860
Current assets		
Trade and other receivables	*9*	628
Other financial assets	*8*	578
Cash and cash equivalents	*15*	4,399
		5,605
Total assets		13,465
Liabilities		
Current liabilities		
Trade and other payables	*10*	(1,389)
		(1,389)
Non current liabilities		
Trade and other payables	*10*	(98)
Non current bank borrowings	*11*	(11,411)
Non current other borrowings	*11*	(364)
		(11,873)
Total liabilities		(13,262)
Net assets		203
Equity attributable to equity holders of the parent		
Ordinary shares	*13*	10
Retained earnings	*14*	193
Total equity		203

These financial statements were approved by the board of directors on 28th August 2013 and were signed on its behalf by

M Trodd
Director
Registered number 8121567

Consolidated statement of changes in equity
for the 6 month and 3 day period ended 31 December 2012

	Note	Share Capital £000	Retained Earnings £000	Total Equity £000
Balance on incorporation		-	-	-
Share capital issued	*13*	10	-	10
Total comprehensive income for the period	*14*	-	193	193
Balance at 31 December 2012		10	193	203

Consolidated statement of cash flows

for the 6 month and 3 day period ended 31 December 2012

	Note	**Period ended 31 December 2012 £000**
Cash flows from operating activities		
Profit for the period	*14*	**193**
Adjustments for		
Finance income	*5*	**(79)**
Finance expense	*5*	**99**
Taxation	*6*	**61**
		274
Increase in trade and other receivables		**(9,066)**
Increase in trade and other payables		**1,487**
		(7,305)
Interest received on bank deposits and finance receivables		**-**
Interest paid and similar charges		**(88)**
Net cash from operating activities		**(7,393)**
Cash flow from financing activities		
Share capital issued	*13*	**10**
Drawings from loan facilities net of issue costs		**11,782**
Net cash inflow from financing activities		**11,792**
Net increase in cash and cash equivalents		**4,399**
Cash and cash equivalents on incorporation		**-**
Cash and cash equivalents at 31 December 2012		**4,399**

Company Statement of Financial Position
at 31 December 2012

	Note	2012 £000
Assets		
Non current assets		
Investments	*7*	**10**
Other financial assets	*8*	**364**
Total assets		**374**
Liabilities		
Non current liabilities		
Non current other borrowings	*11*	**(364)**
Total liabilities		**(364)**
Net assets		**10**
Equity attributable to equity holders		
Ordinary shares	*13*	**10**
Total equity		**10**

These financial statements were approved by the board of directors on 28th August 2013 and were signed on its behalf by

M Trodd
Director
Registered number 8121567

Company statement of changes in equity
for the 6 month and 3 day period ended 31 December 2012

	Share Capital £000	Total Equity £000
Balance on incorporation	-	-
Transactions with owners, recorded directly in Equity	10	10
Total contributions by owners	10	10
Balance at 31 December 2012	10	10

Company statement of cash flows
for the 6 month and 3 day period ended 31 December 2012

	Note	**Period ended 31 December 2012 £000**
Cash flows from operating activities		
Result for the period		-
Cash flow from investing activities		
Acquisition of a subsidiary	7,8	(10)
Investment in subsidiary		(364)
Net cash flow from investing activities		(374)
Cash flow from financing activities		
Issue of share capital	*13*	10
Drawings from loan facilities net of issue costs	*11*	364
Net cash inflow from financing activities		374
Net increase in cash and cash equivalents		-
Cash and cash equivalents on incorporation		-
Cash and cash equivalents at 31 December 2012		-

Notes

(forming part of the financial statements)

1 Accounting policies

Inspiredspaces Nottingham (Holdings2) Limited (the "company") is a company incorporated and domiciled in the UK

The group and company financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs")

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

The financial statements are presented in pounds sterling which is the company's functional currency

Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value financial instruments classified as fair value through the profit or loss or as available-for-sale

Basis of consolidation

Subsidiaries are entities controlled by the group The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences to the date that control ceases

Transactions are eliminated upon consolidation Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements

No profit or loss is presented for the company as permitted by section 408 of the Companies Act 2006 The profit for the period was £nil

Going concern

The financial statements are prepared on the going concern basis which assumes that the group will continue in operational existence for the foreseeable future

The directors have reviewed the group's cash flow forecasts and profit projections over the concession period The forecasts demonstrate that the group expects to comply with its banking covenants and meet its liabilities as they fall due for the foreseeable future The directors believe it is appropriate for the financial statements to be prepared on a going concern basis

Non-derivative financial assets

The group initially recognises loans and receivables and deposits on the date that they originated

The group derecognises a financial asset when the contractual rights to the cashflows from the asset expire, or it transfers the rights to receive contractual cashflows on a financial asset in a transaction in which substantially all the risks and reward or ownership or the financial asset are transferred

Financial assets and liabilities are offset and the net amounts presented in the balance sheet when and only when the group has a legal right to offset the amount and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables

Notes *(continued)*

1 Accounting policies *(continued)*

***Non-derivative financial assets** (continued)*

Trade and other receivables

Trade and other receivables are recognised initially at fair value Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement

Non-derivative financial liabilities

The group initially recognises debt securities issued and subordinated liabilities on the date that they are originated All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date the company becomes party to the contractual provision of the instrument

The group derecognises the liability when its contractual obligations are discharged, cancelled or expire The group classifies non-derivative financial liabilities into the other liabilities category Such financial liabilities are initially recognised at fair value plus any directly attributable transaction costs Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses

Trade and other payables

Trade and other payables are recognised initially at fair value Subsequent to initial recognition they are measured at amortised cost using the effective interest method

Impairment excluding inventories, and deferred tax assets

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate Interest on the impaired asset continues to be recognised through the unwinding of the discount When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss

Notes *(continued)*

1 Accounting policies *(continued)*

Revenue

Services revenue (in accordance with IFRIC 12) represents revenues from the provision of construction services to Private Finance Initiative ("PFI") projects calculated as the fair value of services provided A margin is recognised on the service provided which is reimbursed to the group along with the value of construction over the duration of the concession by the grantor through payment of a unitary charge in line with the Project Agreement of 24 August 2012

Service concessions

In accordance with IFRIC 12 and the various provisions of adopted IFRSs, the group has determined the appropriate treatment of the principal assets of, and income streams from PFI and similar contracts Results of all service concessions which fall within the scope of IFRIC 12 conform to the following policies depending on the rights to consideration under the service concessions

Service concessions treated as financial assets

The group recognises a financial asset arising from a service concession arrangement when it has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction or upgrade services provided Such financial assets are measured at fair value upon initial recognition Subsequent to initial recognition, the financial assets are held at amortised cost

Revenue is recognised by allocating a proportion of total cash receivable to construction income and service income The consideration received will be allocated by reference to the relative fair value of the services delivered, when the amounts are separately identifiable

During the construction phase, revenue is recognised at cost, plus attributable profit to the extent that this is reasonably certain, in accordance with IAS 11 Costs for this purpose include valuation of all work done by subcontractors whether certified or not, and all overheads other than those relating to the general administration of the relevant companies

During the operational stage, cash received in respect of the service concessions is allocated to service and maintenance revenue based on its fair value, with the remainder being allocated between capital repayment and interest income using the effective interest method

The finance receivables are held as loan or receivable in accordance with IAS 39 'Financial instruments Recognition and measurement' Finance receivables are recognised initially at fair value Subsequent to initial recognition, finance receivables are measured at amortised cost using the effective interest method less any impairment losses

Investments

Investments in subsidiaries are carried at cost less any impairment in the parent company accounts

Notes *(continued)*

1 Accounting policies *(continued)*

Expenses

Financing income and expenses

Financing expenses comprise interest payable, finance leases recognised in profit or loss using the effective interest method and, unwinding of the discount on provisions Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset Financing income comprises interest receivable on funds invested and interest receivable on the financial asset

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method Dividend income is recognised in the income statement on the date the entity's right to receive payments is established

Taxation

The group has entered into a composite trade agreement with the HMRC whereby Corporation tax is charged on accounting profits tax rates enacted or substantially enacted at the balance sheet dates

Tax on the profit or loss for the period comprises current and deferred tax Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity

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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to those taxes levied by the same tax authority as the same taxable entity or a different tax entity but they intend to settle current tax liabilities and assets on a net basis, or their tax assets and liabilities will be realised simultaneously

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised

Determination of fair values

A number of the group's accounting policies and disclosures require the determination of fair value for both financial and non-financial assets and liabilities Fair values have been determined for measurement and/or disclosure purposes based on the following method

Trade and other receivables

The fair value of trade and other receivables, excluding construction work in progress, but including service concession receivables, is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date This fair value is determined for disclosure purposes or when acquired in a business combination

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date

Notes *(continued)*

1 Accounting policies *(continued)*

Accounting estimates and judgements

There are no other estimates and judgements which have a material impact on the financial statements

Adopted IFRSs not yet applied

The following Adopted IFRSs have been issued but have not been applied in these financial statements Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated

- Amendments to IFRS 7 'Disclosures – Offsetting Financial Assets and Financial Liabilities' (mandatory for year commencing on or after 1 January 2013)
- IFRS 13 Fair Value Measurement (mandatory for year commencing on or after 1 January 2013)
- Amendments to IAS 32 'Offsetting Financial Assets and Financial Liabilities' (mandatory for year commencing on or after 1 January 2014)
- Annual Improvements to IFRS 2009-2011 cycle (mandatory for year commencing on or after 1 January 2013)

The group has considered the impact of these new standards and interpretations in future periods on profit and net assets None of the above standards or interpretations is expected to have an impact The group has chosen not to early adopt any of the above standards and interpretations

2 Revenue

	Period ended 31 December 2012 Group £000
Rendering of construction services	8,359
Total revenues	8,359

3 Expenses and auditor's remuneration

Auditor's remuneration

	Period ended 31 December 2012 Group £000
Audit of these financial statements bourne and paid by subsidiary	1
Fees payable to the company's auditor for the audit of the subsidiary's annual accounts	10
	11

Notes *(continued)*

4 Staff numbers and costs

There were no employees during the period The directors have no contract of services with the group Amounts payable to third parties in respect of directors' services were £nil

5 Finance income and expense

	Period ended 31 December 2012 Group £000
Finance income	
Interest income on financial asset	78
Interest receivable	1
Total finance income	79
Finance expense	
Interest expense on financial liabilities measured at amortised cost	(99)
Total finance expense	(99)

6 Income tax charge

Recognised in the income statement

	Period ended 31 December 2012 Group £000
Corporation tax	
Current year	61
	61

The tax charge for the year can be reconciled to the profit for the period as follows

	Period ended 31 December 2012 Group £000
Profit before tax	254
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24 5%	61
Tax charge	61

Notes *(continued)*

6 Income tax charge *(Continued)*

Factors that may affect future tax charges

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013 This will reduce the company's future current tax charge accordingly

7 Investments in subsidiaries

The company has the following investment in a subsidiary

	2012 Company £000
On incorporation	-
Investment in subsidiary during the year	10
	10

Investments in subsidiary undertakings represent a holding of 100% of the ordinary share capital of Inspiredspaces Nottingham (ProjectCo2) Limited. The company is incorporated in Great Britain and its sole purpose in the design, build operation, servicing and maintenance of a school in Nottingham

8 Other financial assets

	2012 Company £000	2012 Group £000
Current Assets		
PFI Financial Asset	-	578
	-	578
Non current Assets		
PFI Financial Asset	-	7,860
Amount due from subsidiary	364	-
	-	7,860
	364	8,438

Notes *(continued)*

9 Trade and other receivables

	2012 Group £000
Other receivables	551
Prepayments	77
	628
Analysed	
Non-current	-
Current	628
	628

10 Trade and other payables

	2012 Group £000
Trade payables	53
Corporation tax	61
Accruals	1,275
Other creditors	98
	1,487
Analysed	
Non-current	98
Current	1,389
	1,487

Notes *(continued)*

11 Other interest bearing loans and borrowings

Bank borrowings relate to term loan facilities granted by Aviva Public Private Finance Limited The table below shows those loan facilities available to the group and there level of utilisation at the balance sheet date

	Facility 2012 Group £000	Amount utilised and carrying value 2012 Group £000
Term loan facility	19,397	9,925
Equity bridge loan facility	1,497	1,486
Debt service reserve facility	495	-
	21,389	11,411
Analysed		
Current		-
Non-current		11,411
		11,411

Loan issue costs in respect of these facilities have been deducted from gross proceeds of the bank borrowings and are being amortised using the effective interest rate method

The term loan facility is repayable in 94 quarterly instalments commencing on 30 June 2014

The equity bridge facility is repayable in one instalment on 31 March 2014

Interest on the term loan and equity bridge loan is charged at a fixed rate of 4 15%

The debt service reserve facility has not been utilised, in addition interest rates and repayments schedules have yet to be agreed

	Facility 2012 Group £000	Amount utilised and carrying value 2012 Group £000
Other borrowings	374	364
	374	364
Analysed		
Current		-
Non-current		364
		364

Notes *(continued)*

11 Borrowings *(continued)*

	Facility 2012 Company £000	Amount utilised and carrying value 2012 Company £000
Other borrowings	374	364
	374	364

Analysed	
Current	-
Non-current	364
	364

Other borrowings comprise a loan of £187,000 from Building Schools for the Future Investments LLP and £187,000 from Nottingham City Council Loan issue costs in respect of the loan have been deducted from gross proceeds of the borrowings and are being amortised using the effective interest rate method The loan is repayable in one instalment on 26 March 2014 This loan which is unsecured bears interest at a fixed rate of 4 15%

The group's shareholders have committed to subscribe £1,872,000 of Loan Stock no later than 28 March 2014, in proportion to their shareholdings These funds will be used to repay other borrowings and the equity bridge facility

12 Capital commitments

(a) Under the terms of a contract with Carillion Construction Limited dated 24 August 2013, the group was committed at 31 December 2012 to payments totalling £11,240,000 in respect of design and construction services to be provided over the period up to 31 March 2014

(b) Under the terms of a contract with Inspiredspaces Nottingham Limited 24 August 2013, the group was committed at 31 December 2012 to payments totalling £5,945,000 (index-linked) in respect of management and administration services to be provided over the period up to 30 September 2038

Notes (continued)

13 Ordinary Shares

	2012 Company £000
Allotted, called up and fully paid	
10,000 ordinary shares of £1 each	10

The company was incorporated on 27 June 2012 with an authorised share capital of 1 ordinary share of £1 On 16 August 2012 the authorised share capital was increased from £1 to £10,000 by the creation of 9,999 new ordinary shares of £1 each On the same day a further 9,999 ordinary shares of £1 each were issued at par for cash consideration

On 25 October 2012 the company changed its accounting reference date to 31 December

14 Retained earnings

	2012 Group £000
On incorporation	-
Profit for the financial period	193
At end of period	193

15 Financial instruments

15 (a) Fair values of financial instruments

Trade and other receivables

The fair value of trade and other receivables, excluding construction contract debtors, is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material

Trade and other payables

The fair value of trade and other payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material

Cash and cash equivalents

The fair value of cash and cash equivalents is estimated as its carrying amount where the cash is repayable on demand Where it is not repayable on demand then the fair value is estimated at the present value of future cash flows, discounted at the market rate of interest at the balance sheet date

Interest-bearing borrowings

Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the balance sheet date, if the effect is material

Notes *(continued)*

15 (a) Fair values of financial instruments (continued)

Fair values

The fair values of all financial assets and financial liabilities by class together with their carrying amounts shown in the balance sheet are as follows

	Carrying amount 2012 Group £000	Fair value 2012 Group £000
Financial assets		
Other financial assets	8,438	8,438
Loans and receivables		
Cash and cash equivalents	4,399	4,399
Trade and other receivables (note 8)	628	628
Total loans and receivables	5,027	5,027
Total financial assets	13,465	13,465

	Carrying amount 2012 Group £000	Fair value 2012 Group £000
Financial liabilities measured at amortised cost		
Interest bearing loans	11,775	11,775
Trade and other payables (note 9)	1,487	1,487
Total financial liabilities measured at amortised cost	13,262	13,262
Total financial liabilities	13,262	13,262
Total financial instruments	203	203

Notes *(continued)*

15 (a) Fair values of financial instruments (continued)

Fair value hierarchy

The list below analyses financial instruments measured at fair value, into a fair value hierarchy based on the valuation technique used to determine fair value

- Level 1 quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i e as prices) or indirectly (i e derived from prices)
- Level 3 inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The group does not have any financial instruments that are measured by any other technique other than at Level 1

15 (b) Credit risk

Financial risk management

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the group's receivables from customers and investment securities
The group receives its revenue from a government body and therefore is not exposed to significant risk
The group invests cash and enters into interest rate swap agreements with financial institutions The credit quality of these institutions is reviewed by the directors on a regular basis As such the group's exposure to credit risk is reduced

Credit quality of financial assets and impairment losses
The ageing of trade and other receivables at the balance sheet date and maximum exposure to credit risk for trade receivables and other financial assets was

	2012 £000
Government backed institutions- Nottingham City Council (UK)	
Not past due	8,438
	8,438

15 (c) Liquidity risk

Financial risk management

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due
The group has adopted a cautious approach to liquidity management by endeavouring to maintain sufficient cash and liquid resources to meet its obligations as they fall due

Notes (continued)

15 (c) Liquidity risk (continued)

Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effect of netting agreements

2012 Group	**Carrying Value £000**	**Less than 3 months £000**	**3 to 12 months £000**	**1 to 5 years £000**	**More than 5 years £000**	**Total £000**
Non-derivative Financial Liabilities						
Term loan	10,209	106	318	2,487	13,669	16,580
Equity bridge loan	1,497	15	47	1,513	-	1,575
Other unsecured loans	374	4	12	378	-	394
Trade & other payables	1,389	1,328	61	-	-	1,389
	13,469	1,453	438	4,378	13,669	19,938

15 (d) Market risk

Financial risk management

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the group's income or the value of its holdings of financial instruments

Market risk – Interest rate risk

Profile

At the balance sheet date the interest rate profile of the group's interest-bearing financial instruments was

	2012 Group £000
Fixed rate instruments	
Financial assets	8,438
Financial liabilities	(11,775)
	(3,337)

Sensitivity analysis

A sensitivity analysis has not been performed on the basis that the majority of interest rates are fixed rates and the group is not exposed to foreign exchange risk

15 (e) Capital management

The group manages its cash, bank loan and other overdrafts and equity as capital The group's principal objective is that the company has sufficient capital to fund its operations In developing business plans, the directors consider the likely capital requirements and how fund them Additional capital is funded by the least cost source at the time of fund raising

Notes (continued)

16 Related parties

Other related party transactions

	Purchase of goods and services for the period ended 31 December 2012 Group £000
Building Schools for the Futures Investments Limited	12
Carillion Construction Limited	6,259
Carillion Private Finance	1,316
Carillion Insurance Advisors	20
Inspiredspaces Nottingham Limited	266
Nottingham City Council	4
	7,877

	Payables outstanding 2012 Group £000
Carillion Construction Limited	1,346
Inspiredspaces Nottingham Limited	49
Nottingham City Council	4
	1,399

17 Parent company undertaking

At 31 December 2012 72% of the company's share capital was held by Inspiredspaces Nottingham (PSP3) Limited a wholly owned subsidiary of Carillion, 10% was held by Inspiredspaces Nottingham Limited, 9% was held by Building Schools for the Future Investments LLP and 9% by Nottingham City Council