

**Inspiredspaces Nottingham (Holdings2) Limited**

**Annual report and financial statements**

**Registered number 8121567**

**For the year ended 31 December 2015**

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<b>Contents</b>	<b>Page</b>
Strategic report	2
Directors' report	4
Statement of directors' responsibilities in respect of the strategic report and the director's report and the financial statements	5
Independent auditor's report to the members of Inspiredspaces Nottingham (Holdings2) Limited	6
Consolidated income statement and other comprehensive income	8
Consolidated statement of financial position	9
Consolidated statement of changes in equity	10
Consolidated statement of cash flows	11
Company statement of financial position	12
Company statement of changes in equity	13
Company statement of cash flows	14
Notes	15

## **Strategic report**

### **Principal activities**

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

The principal 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 completed in August 2013.

The consolidated income statement is set out on page 8 and relates to the operating activities during the year. The profit for the year was £30,000 (2014: £6,000). The directors declared the payment of a dividend of £350,000 (2014: £nil). Equity Shareholder's funds at the end of the year were £190,000 (2014: £510,000).

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

The directors anticipate that the group will continue its present role during 2016.

### **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.

#### ***Lifecycle risk***

The company has contracted out the responsibility for lifecycle delivery to the sub-contractor but the cost risk remains with the company. A cash lifecycle fund is maintained 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.

## **Strategic report** *(continued)*

### ***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 Private Finance Initiative 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 construction of the school was completed in August 2013. The directors incurred nil penalties in 2015 (2014:nil).

### ***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 2015, 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.

By order of the board



**M Trodd**  
*Director*

Carillion House  
84 Salop Street  
Wolverhampton  
WV3 0SR

23 June 2016

## Directors' report

The directors present their report and consolidated financial statements for the year ended 31 December 2015.

### Future Developments

The directors continue to develop the business in line with the contract and there are no issues expected.

### Dividends

The directors authorised the payment of a dividend of £350,000 (2014: £nil).

### Post balance sheet events

There are no significant post balance sheet events.

### Directors

The directors who held office during the period were as follows:

K Flaherty	Appointed	30 March 2015
T Render		
M Trodd		
J Uppal		
G Hanson		
P Andrews	Resigned	30 March 2015

### 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

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

84 Salop Street  
Wolverhampton  
WV3 0SR

23 June 2016

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

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

Company law requires the directors to prepare group and company financial statements for each financial year. Under that law they have elected to prepare both the group and parent company 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 and of their profit or loss for that period. In preparing each of the group and parent company 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 group and the parent 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 parent 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 year ended 31 December 2015 set out on pages 8 to 30. 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 and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

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

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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'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 group's and of the parent company's affairs as at 31 December 2015 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- 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 Strategic Report and the Directors' Report for the financial year 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.



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

**24 June 2016**



**Consolidated Statement of Income Statement and Other Comprehensive Income**  
*For year ended 31 December 2015*

	<i>Note</i>	<b>2015</b> <b>£000</b>	<b>2014</b> <b>£000</b>
Revenue	2	<b>1,241</b>	1,968
Cost of sales		<b>(1,067)</b>	(1,848)
<b>Gross profit</b>		<b>174</b>	120
Finance income	5	<b>875</b>	890
Finance expense	5	<b>(1,011)</b>	(1,002)
<b>Net financing expense</b>		<b>(136)</b>	(112)
<b>Profit before tax</b>		<b>38</b>	8
Taxation	6	<b>(8)</b>	(2)
<b>Profit for the year, being total comprehensive for the financial year</b>		<b>30</b>	6

The results reported above derive from continuing operations in a single class of business within the United Kingdom.

There is no material difference between the profit as disclosed in the profit and loss account above and its historical cost equivalent.

Notes on pages 15 to 30 form part of these financial statements.

**Consolidated Statement of Financial Position**  
*at 31 December 2015*

	Note	2015 £000	2014 £000
<b>Non current assets</b>			
Other financial assets	8	<u>19,114</u>	<u>19,603</u>
<b>Current assets</b>			
Other financial assets	8	841	871
Trade and other receivables	9	46	44
Cash and cash equivalents	14	<u>835</u>	<u>1,094</u>
		<u>1,722</u>	<u>2,009</u>
<b>Total assets</b>		<u>20,836</u>	<u>21,612</u>
<b>Current liabilities</b>			
Bank borrowings	11	(460)	(408)
Trade and other payables	10	<u>(334)</u>	<u>(371)</u>
		<u>(794)</u>	<u>(779)</u>
<b>Non current liabilities</b>			
Trade and other payables	10	(13)	(12)
Non current bank borrowings	11	(17,967)	(18,439)
Non current other borrowings	11	<u>(1,872)</u>	<u>(1,872)</u>
		<u>(19,852)</u>	<u>(20,323)</u>
<b>Total liabilities</b>		<u>(20,646)</u>	<u>(21,102)</u>
<b>Net assets</b>		<u>190</u>	<u>510</u>
<b>Equity attributable to equity holders of the parent</b>			
Share capital	13	10	10
Retained earnings		<u>180</u>	<u>500</u>
<b>Total equity</b>		<u>190</u>	<u>510</u>

These financial statements were approved by the board of directors on 23<sup>rd</sup> June 2016 and were signed on its behalf by:



**M Trodd**  
Director  
Registered number 8121567

**Consolidated statement of changes in equity**  
*for the year ended 31 December 2015*

	Note	Share Capital £000	Retained Earnings £000	Total Equity £000
<b>Balance at 1 January 2015</b>		<b>10</b>	<b>500</b>	<b>510</b>
Total comprehensive income for the year		-	30	30
Dividends paid		-	(350)	(350)
<b>Balance at 31 December 2015</b>		<b>10</b>	<b>180</b>	<b>190</b>

	Note	Share Capital £000	Retained Earnings £000	Total Equity £000
<b>Balance at 1 January 2014</b>		<b>10</b>	<b>494</b>	<b>504</b>
Total comprehensive income for the year		-	6	6
<b>Balance at 31 December 2014</b>		<b>10</b>	<b>500</b>	<b>510</b>

**Consolidated statement of cash flows**  
*for the year ended 31 December 2015*

	Note	2015 £000	2014 £000
<b>Cash flows from operating activities</b>			
Profit for the period		30	6
Adjustments for:			
Finance income	5	(875)	(890)
Finance expense	5	1,011	1,002
Taxation	6	8	2
		<u>174</u>	<u>120</u>
Decrease/(Increase) in trade and other receivables		517	(200)
Increase/(Decrease) in trade and other payables		<u>48</u>	<u>(213)</u>
		<u>739</u>	<u>(293)</u>
Interest paid and similar charges		(1,010)	(942)
Corporation tax paid		<u>(93)</u>	<u>-</u>
<b>Net cash from operating activities</b>		<u>(364)</u>	<u>(1,235)</u>
<b>Cash flow from investing activities</b>			
Interest received on bank deposits and finance receivables		<u>875</u>	<u>890</u>
<b>Net cash from investing activities</b>		<u>875</u>	<u>890</u>
<b>Cash flow from financing activities</b>			
Share capital issued	13	-	-
Drawings from loan facilities net of issue costs		(420)	453
Dividends paid		<u>(350)</u>	<u>-</u>
<b>Net cash from financing activities</b>		<u>(770)</u>	<u>453</u>
Net (decrease)/increase in cash and cash equivalents		(259)	108
Cash and cash equivalents at 31 December 2014		<u>1,094</u>	<u>986</u>
<b>Cash and cash equivalents at 31 December 2015</b>		<u>835</u>	<u>1,094</u>

**Company Statement of Financial Position**  
*at 31 December 2015*

	Note	2015 £000	2014 £000
<b>Assets</b>			
<b>Non current assets</b>			
Investments	7	10	10
Other financial assets	8	1,872	1,872
<b>Total assets</b>		<u>1,882</u>	<u>1,882</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Other borrowings	11	-	-
		<u>-</u>	<u>-</u>
<b>Non current liabilities</b>			
Non current other borrowings	11	(1,872)	(1,872)
		<u>(1,872)</u>	<u>(1,872)</u>
<b>Total liabilities</b>		<u>(1,872)</u>	<u>(1,872)</u>
<b>Net assets</b>		<u>10</u>	<u>10</u>
<b>Equity attributable to equity holders</b>			
Ordinary shares	13	10	10
<b>Total equity</b>		<u>10</u>	<u>10</u>

These financial statements were approved by the board of directors on 23<sup>rd</sup> June 2016 and were signed on its behalf by:



**M Trodd**  
Director  
Registered number 8121567

**Company statement of changes in equity**  
*for the year ended 31 December 2015*

	<b>Share Capital £000</b>	<b>Retained Earnings £000</b>	<b>Total Equity £000</b>
<b>Balance at 1 January 2015</b>	<b>10</b>	<b>-</b>	<b>10</b>
Total comprehensive income for the year	-	350	350
Dividends paid	-	(350)	(350)
<b>Balance at 31 December 2015</b>	<b>10</b>	<b>-</b>	<b>10</b>

	<b>Share Capital £000</b>	<b>Retained Earnings £000</b>	<b>Total Equity £000</b>
<b>Balance at 1 January 2014</b>	<b>10</b>	<b>-</b>	<b>10</b>
Total comprehensive income for the year	-	-	-
Dividends paid	-	-	-
<b>Balance at 31 December 2015</b>	<b>10</b>	<b>-</b>	<b>10</b>

**Company statement of cash flows**  
*for year ended 31 December 2015*

	Note	2015 £000	2014 £000
<b>Cash flows from operating activities</b>			
Result for the period		-	-
<b>Cash flow from investing activities</b>			
Dividends received from subsidiary		350	-
<b>Net cash inflow from investing activities</b>		<u>350</u>	<u>-</u>
<b>Cash flow from financing activities</b>			
Dividends paid		(350)	-
<b>Net cash outflow from financing activities</b>		<u>(350)</u>	<u>-</u>
<b>Net movement in cash and cash equivalents</b>		-	-
<b>Cash and cash equivalents at 31 December 2014</b>		-	-
<b>Cash and cash equivalents at 31 December 2015</b>		<u>-</u>	<u>-</u>

## 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 their historical cost basis.

#### ***Basis of consolidation***

The financial statements of the Group include the consolidation of its subsidiaries. Subsidiaries are entities controlled by either parent entity. Control exists where either parent entity is exposed, or has rights to, variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. A parent entity has power over the subsidiary, when it has existing rights to direct the relevant activities of the subsidiary. The relevant activities are those which significantly affect the subsidiary’s returns. The ability to approve the operating and capital budget of a subsidiary and the ability to appoint key management personnel are decisions that demonstrate that the Group has the existing rights to direct the relevant activities of a subsidiary. Subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases. Where the Group’s interest is less than 100 per cent, the interest attributable to outside shareholders is reflected in non-controlling interests. The effects of all transactions between entities within the Group have been eliminated.

#### ***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 of 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 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***

##### ***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 year 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 year, 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.

#### *New IFRS standards and interpretations adopted during 2015*

There were no new IFRS standards and interpretations adopted during the year.

#### *New IFRS standards, amendments and interpretations not adopted*

The IASB and IFRIC have issued additional standards and amendments which are effective for periods starting after the date of these financial statements. The following standards and amendments have not yet been adopted by the company

- Annual Improvements to IFRSs – 2012-2014 Cycle. The Annual Improvement Project to IFRS's provides a vehicle for making non-urgent but necessary amendments to IFRS's (effective for annual periods beginning on or after 1 January 2016)
- Disclosure Initiative – Amendments to IAS 1 (effective for annual periods beginning on or after 1 January 2016)
- Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to IAS 12 (effective for annual periods beginning on or after 1 January 2017)
- IFRS 9 Financial Instruments (effective for annual periods beginning on or after 1 January 2018)
- IFRS 15 Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2018)
- Effective date of IFRS 15 – amendment to IFRS 15 (effective for annual periods beginning on or after 1 January 2018)
- Annual Improvements to IFRSs – 2010-2012 Cycle. The Annual Improvement Project to IFRS's provides a vehicle for making non-urgent but necessary amendments to IFRS's (effective for annual periods beginning on or after 1 February 2015)
- Annual Improvements to IFRSs – 2011-2013 Cycle. The Annual Improvement Project to IFRS's provides a vehicle for making non-urgent but necessary amendments to IFRS's (effective for annual periods beginning on or after 1 February 2015)

The company 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 are expected to have a material impact.

### 2 Revenue

	2015 Group £000	2014 Group £000
Rendering of construction and FM services	<u>1,241</u>	<u>1,968</u>

## Notes (continued)

### 3 Expenses and auditor's remuneration

#### Auditor's remuneration:

	2015 Group £000	2014 Group £000
Audit of these financial statements borne and paid by subsidiary	1	1
Fees payable to the company's auditor for the audit of the subsidiary's annual accounts	10	11
	<u>11</u>	<u>12</u>

### 4 Staff numbers and costs

There were no employees during the year (2014: none). The directors have no contract of services with the group (2014: nil). Amounts payable to third parties in respect of directors' services were £nil (2014: £nil).

### 5 Finance income and expense

	2015 Group £000	2014 Group £000
<i>Finance income</i>		
Interest income on financial asset	872	888
Interest receivable	3	2
Total finance income	<u>875</u>	<u>890</u>
<i>Finance expense</i>		
Interest expense on financial liabilities measured at amortised cost	<u>(1,011)</u>	<u>(1,002)</u>
Total finance expense	<u>(1,011)</u>	<u>(1,002)</u>

### 6 Taxation

#### Recognised in the income statement

	2015 Group £000	2014 Group £000
Corporation tax:		
Current year	8	2
	<u>8</u>	<u>2</u>

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

## Notes (continued)

### 6 Taxation (continued)

	2015 Group £000	2014 Group £000
Profit before tax	<u>38</u>	<u>8</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25 % (2014: 21.5%)	<u>8</u>	<u>2</u>
Tax charge	<u><u>8</u></u>	<u><u>2</u></u>

#### *Factors that may affect future tax charges*

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and to 20% (effective 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015.

An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. This will reduce the company's future current tax charge accordingly. There is no recognised or unrecognised deferred tax asset (2014: £nil).

### 7 Investments in subsidiaries

The company has the following investment in a subsidiary:

	2015 Company £000	2014 Company £000
Investment in subsidiary	<u>10</u>	<u>10</u>

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

	2015 Company £000	2015 Group £000	2014 Company £000	2014 Group £000
<b>Current Assets</b>				
PFI Financial Asset	-	<u>841</u>	-	<u>871</u>
	-	<u>841</u>	-	<u>871</u>
<b>Non current Assets</b>				
PFI Financial Asset	-	<u>19,114</u>	-	<u>19,603</u>
Amount due from subsidiary	<u>1,872</u>	<u>-</u>	<u>1,872</u>	<u>-</u>
	<u>1,872</u>	<u>19,114</u>	<u>1,872</u>	<u>19,603</u>
	<u>1,872</u>	<u>19,955</u>	<u>1,872</u>	<u>20,474</u>

**Notes** *(continued)*

**9 Trade and other receivables**

	<b>2015</b>	<b>2014</b>
	<b>Group</b>	<b>Group</b>
	<b>£000</b>	<b>£000</b>
Other receivables	-	-
Prepayments	<u>46</u>	<u>44</u>
	<b>46</b>	<b>44</b>
<i>Analysed</i>		
Non-current	-	-
Current	<u>46</u>	<u>44</u>
	<b>46</b>	<b>44</b>

**10 Trade and other payables**

	<b>2015</b>	<b>2014</b>
	<b>Group</b>	<b>Group</b>
	<b>£000</b>	<b>£000</b>
Trade payables	94	91
Corporation tax	8	93
Accruals	<u>245</u>	<u>199</u>
	<b>347</b>	<b>383</b>
<i>Analysed</i>		
Non-current	13	12
Current	<u>334</u>	<u>371</u>
	<b>347</b>	<b>383</b>

**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

<b>Facility</b>	<b>Amount</b>	<b>Carrying</b>	<b>Amount</b>	<b>Carrying</b>
	<b>Utilised</b>	<b>Value</b>	<b>Utilised</b>	<b>Value</b>
	<b>2015</b>	<b>2015</b>	<b>2014</b>	<b>2014</b>
	<b>Group</b>	<b>Group</b>	<b>Group</b>	<b>Group</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Term loan facility	19,397	19,397	19,397	18,847
Equity bridge loan facility	1,497	1,497	1,497	-
Debt service reserve facility	<u>495</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<b>21,389</b>	<b>20,894</b>	<b>20,894</b>	<b>18,847</b>
<i>Analysed</i>				
Current		460		408
Non-current		<u>17,967</u>		<u>18,439</u>
		<b>18,427</b>		<b>18,847</b>

## Notes (continued)

### 11 Other interest bearing loans and borrowings (continued)

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 related interest rates and repayments schedules have yet to be agreed.

	Facility	Amount Utilised	Carrying Value	Amount Utilised	Carrying Value
	2015	2015	2015	2014	2014
	Group	Group	Group	Group	Group
	£000	£000	£000	£000	£000
Other borrowings	1,872	1,872	1,872	1,872	1,872
	<u>1,872</u>	<u>1,872</u>	<u>1,872</u>	<u>1,872</u>	<u>1,872</u>

#### Analysed

Current

Non-current

-	-
1,872	1,872
<u>1,872</u>	<u>1,872</u>

	Facility	Amount Utilised	Carrying Value	Amount Utilised	Carrying Value
	2015	2015	2015	2014	2014
	Company	Company	Company	Company	Company
	£000	£000	£000	£000	£000
Other borrowings	1,872	1,872	1,872	1,872	1,872
	<u>1,872</u>	<u>1,872</u>	<u>1,872</u>	<u>1,872</u>	<u>1,872</u>

#### Analysed

Current

Non-current

-	-
1,872	1,872
<u>1,872</u>	<u>1,872</u>

The group's shareholders have subscribed to £1,872,000 of Loan Stock on 28 March 2014, in proportion to their shareholdings. These funds were used to repay other borrowings and the equity bridge facility.

### 12 Capital commitments

- (a) Under the terms of a contract with Inspiredspaces Nottingham Limited 24 August 2013, the group was committed at 31 December 2015 to payments totalling £4,876,000 (2014: £5,100,000) (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**

	<b>2015</b>	2014
	<b>Company</b>	Company
	<b>£000</b>	£000
<b>Allotted, called up and fully paid</b>		
7,200 A ordinary shares of £1 each	7	7
900 B ordinary shares of £1 each	1	1
900 C ordinary shares of £1 each	1	1
1,000 D ordinary shares of £1 each	1	1
<b>Total Allotted shares</b>	<b><u>10</u></b>	<u>10</u>

**14 Financial instruments**

**14 (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.

*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:

## Notes (continued)

### 14 (a) Fair values of financial instruments

	Carrying amount 2015 Group £000	Fair value 2015 Group £000	Carrying amount 2014 Group £000	Fair value 2014 Group £000
<b>Financial assets</b>				
Other financial assets	19,955	19,955	20,474	20,474
<b>Loans and receivables</b>				
Cash and cash equivalents	835	835	1,094	1,094
Trade and other receivables (note 9)	46	46	44	44
<b>Total loans and receivables</b>	<u>881</u>	<u>881</u>	<u>1,138</u>	<u>1,138</u>
<b>Total financial assets</b>	<u>20,836</u>	<u>20,836</u>	<u>21,612</u>	<u>21,612</u>
<b>Financial liabilities measured at amortised cost</b>				
Interest bearing loans	20,299	18,168	20,719	19,624
Trade and other payables (note 10)	347	347	383	371
<b>Total financial liabilities measured at amortised cost</b>	<u>20,646</u>	<u>18,515</u>	<u>21,102</u>	<u>19,995</u>
<b>Total financial liabilities</b>	<u>20,646</u>	<u>18,515</u>	<u>21,102</u>	<u>19,995</u>
<b>Total financial instruments</b>	<u>190</u>	<u>2,321</u>	<u>510</u>	<u>1,617</u>
	Carrying amount 2015 Company £000	Fair value 2015 Company £000	Carrying amount 2014 Company £000	Fair value 2014 Company £000
<b>Financial assets</b>				
Other financial assets	1,872	1,872	1,872	1,872
Investments	10	10	10	10
<b>Total financial assets</b>	<u>1,882</u>	<u>1,882</u>	<u>1,882</u>	<u>1,882</u>
<b>Total financial assets</b>	<u>1,882</u>	<u>1,882</u>	<u>1,882</u>	<u>1,882</u>
<b>Financial liabilities measured at amortised cost</b>				
Interest bearing loans	1,872	1,872	1,872	3,178
<b>Total financial liabilities measured at amortised cost</b>	<u>1,872</u>	<u>1,872</u>	<u>1,872</u>	<u>3,178</u>
<b>Total financial liabilities</b>	<u>1,872</u>	<u>1,872</u>	<u>1,872</u>	<u>3,178</u>
<b>Total financial instruments</b>	<u>10</u>	<u>10</u>	<u>10</u>	<u>(1,296)</u>

## Notes (continued)

### 14 (a) Fair values of financial instruments

#### *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 2.

### 14 (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:

	2015 £000	2014 £000
Government backed institutions- Nottingham City Council (UK)		
Not past due	19,955	20,474
	<u>19,955</u>	<u>20,474</u>

### 14 (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)

**(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:

<b>2015 Group</b>	<b>Carrying Value</b>	<b>Contractual Cashflows</b>	<b>Less than 3 months</b>	<b>3 to 12 months</b>	<b>1 to 5 years</b>	<b>More than 5 years</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Non-derivative Financial Liabilities</b>						
Term loan	18,427	28,422	305	925	5,338	21,854
Equity bridge loan	-	-	-	-	-	-
Other unsecured loans	1,872	5,946	56	168	933	4,789
Trade & other payables	347	347	318	16	13	-
	<u>20,646</u>	<u>34,715</u>	<u>679</u>	<u>1,109</u>	<u>6,284</u>	<u>26,643</u>
<b>2014 Group</b>	<b>Carrying Value</b>	<b>Contractual Cashflows</b>	<b>Less than 3 months</b>	<b>3 to 12 months</b>	<b>1 to 5 years</b>	<b>More than 5 years</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Non-derivative Financial Liabilities</b>						
Term loan	18,847	29,631	279	930	5,192	23,230
Equity bridge loan	-	-	-	-	-	-
Other unsecured loans	1,872	6,170	56	168	901	5,045
Trade & other payables	383	343	229	101	13	-
	<u>21,102</u>	<u>36,144</u>	<u>564</u>	<u>1,199</u>	<u>6,106</u>	<u>28,275</u>
<b>2015 Company</b>	<b>Carrying Value</b>	<b>Contractual Cashflows</b>	<b>Less than 3 months</b>	<b>3 to 12 months</b>	<b>1 to 5 years</b>	<b>More than 5 years</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Non-derivative Financial Liabilities</b>						
Other unsecured loans	1,872	5,946	56	168	933	4,789
	<u>1,872</u>	<u>5,946</u>	<u>56</u>	<u>168</u>	<u>933</u>	<u>4,789</u>
<b>2014 Company</b>	<b>Carrying Value</b>	<b>Contractual Cashflows</b>	<b>Less than 3 months</b>	<b>3 to 12 months</b>	<b>1 to 5 years</b>	<b>More than 5 years</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Non-derivative Financial Liabilities</b>						
Other unsecured loans	1,872	6,170	56	168	901	5,045
	<u>1,872</u>	<u>6,170</u>	<u>56</u>	<u>168</u>	<u>901</u>	<u>5,045</u>

## Notes (continued)

### 14 (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

	2015 Group £000	2014 Group £000
<b>Fixed rate instruments</b>		
Financial assets	19,955	20,474
Financial liabilities	(20,299)	(20,731)
	<u>(344)</u>	<u>(257)</u>

  

	2015 Company £000	2014 Company £000
<b>Fixed rate instruments</b>		
Financial assets	1,872	1,872
Financial liabilities	(1,872)	(1,872)
	<u>-</u>	<u>-</u>

### 14 (d) Market risk (continued)

#### 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.

### 14 (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)*

**15 Related parties**

Related party transactions

Purchase of goods and services

	<b>Year ended 31 December 2015 Group £000</b>	<b>Year ended 31 December 2014 Group £000</b>
Building Schools for the Futures Investments LLP	465	47
Carillion Construction Limited	-	860
Carillion Private Finance	91	-
Carillion Insurance Advisors	-	2
Inspiredspaces Nottingham Limited	505	450
Nottingham City Council	70	51
Carillion Services Limited	570	594
	<b>1,701</b>	<b>2,004</b>

Receipt of goods and services

	<b>Year ended 31 December 2015 Group £000</b>	<b>Year ended 31 December 2014 Group £000</b>
Inspiredspaces Nottingham (Projectco2) Limited	224	170
	<b>224</b>	<b>170</b>

Payables outstanding

	<b>31 December 2015 Group £000</b>	<b>31 December 2014 Group £000</b>
Carillion Services	49	46
Building Schools for the Futures Investments LLP	46	45
Inspiredspaces Nottingham Limited	51	51
Nottingham City Council	5	63
	<b>151</b>	<b>205</b>

Receivables Outstanding

	<b>Year ended 31 December 2015 Group £000</b>	<b>Year ended 31 December 2014 Group £000</b>
Inspiredspaces Nottingham (Projectco2) Limited	1,928	1,928
	<b>1,928</b>	<b>1,928</b>

**Notes** *(continued)*

**16 Ultimate parent company and parent company of larger group**

The directors regard Building Schools for the Futures Investments LLP, an entity incorporated in England and Wales as the immediate parent undertaking and controlling party and International Public Partnerships Limited, a company registered in Guernsey as the ultimate parent undertaking and controlling party. Copies of the consolidated financial statements of International Public Partnerships Limited Partnership, the smallest and largest group of which the company is a member and for which group financial statements are prepared, can be obtained from the registered address at Two London Bridge, London, SE1 9RA.