Inspiredspaces Nottingham (Holdings2) Limited

Annual report and financial statements

Registered number 8121567

For the year ended 31 December 2014

Contents

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 £6,000 (2013: £301,000). The directors do not recommend the payment of a dividend (2013: £nil). Equity Shareholder's funds at the end of the year were £510,000 (2013: £504,000).

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 2015.

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 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 construction of the school was completed in August 2013. The directors believe progress of the post completion works to be satisfactory and that the target completion date should 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 2014, 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

84 Salop Street
Wolverhampton
WV3 0SR

14 May 2015

Directors' report

The directors present their report and consolidated financial statements for the year ended 31 December 2014.

Future Developments

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

Dividends

No interim dividend was declared or paid during the year (2013: £nil). No further dividend is recommended (2013: £nil).

Political and charitable donations

During the year £nil (2013: £nil) political and £nil (2013: £nil) charitable donations were made by the company.

Post balance sheet events

There are no significant post balance sheet events.

Directors

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

M Harding	Resigned	15 Jul 2014
I Mason	Resigned	27 Jun 2014
T Render		
M Trodd		
J Uppal	Appointed	27 Jun 2014
G Hanson	Appointed	27 Jun 2014
P Andrews		

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

14 May 2015

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 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 2014 set out on pages 8 to 29. 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

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 2014 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; 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 Strategic Report and 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.

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

20 May 2015

Consolidated Statement of Profit and Loss and Other Comprehensive Income

For year ended 31 December 2014

	Note	**2014**	2013
		£000	£000
Revenue	*2*	**1,968**	11,867
Cost of sales		**(1,848)**	(11,406)
Gross profit		**120**	461
Finance income	*5*	**890**	732
Finance expense	*5*	**(1,002)**	(801)
Net financing expense		**(112)**	(69)
Profit before tax		**8**	392
Taxation	*6*	**(2)**	(91)
Profit for the period	*14*	**6**	301
Other comprehensive income			
Income tax on comprehensive income		**-**	-
Other comprehensive income for the period, net of income tax		**-**	-
Total comprehensive income for the financial period		**6**	301

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 29 form part of these financial statements.

Consolidated Statement of Financial Position

at 31 December 2014

	Note	2014 £000	2013 £000
Non current assets			
Other financial assets	8	**19,603**	17,707
Current assets			
Other financial assets	8	**871**	2,523
Trade and other receivables	9	**44**	88
Cash and cash equivalents	15	**1,094**	986
		2,009	3,597
Total assets		**21,612**	21,304
Current liabilities			
Bank borrowings	11	**(408)**	(1,750)
Other borrowings	11	**-**	(367)
Trade and other payables	10	**(371)**	(554)
		(779)	(2,671)
Non current liabilities			
Trade and other payables	10	**(12)**	-
Non current bank borrowings	11	**(18,439)**	(18,129)
Non current other borrowings	11	**(1,872)**	-
		(20,323)	(18,129)
Total liabilities		**(21,102)**	(20,800)
Net assets		**510**	504
Equity attributable to equity holders of the parent			
Share capital	13	**10**	10
Retained earnings	14	**500**	494
Total equity		**510**	504

These financial statements were approved by the board of directors on 14th May 2015 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 2014

	Note	Share Capital £000	Retained Earnings £000	Total Equity £000
Balance at 31 December 2013		**10**	**494**	**504**
Total comprehensive income for the period	*14*	-	6	6
Balance at 31 December 2014		**10**	**500**	**510**

Consolidated statement of cash flows
for the year ended 31 December 2014

	Note	2014 £000	2013 £000
Cash flows from operating activities			
Profit for the period	14	**6**	301
Adjustments for:			
Finance income	5	**(890)**	(732)
Finance expense	5	**1,002**	801
Taxation	6	**2**	91
		120	461
Increase in trade and other receivables		**(200)**	(11,253)
Decrease in trade and other payables		**(213)**	(878)
		(293)	(11,670)
Interest paid and similar charges		**(942)**	(814)
Corporation tax paid		**-**	(61)
Net cash from operating activities		**(1,235)**	(12,545)
Cash flow from investing activities			
Interest received on bank deposits and finance receivables		**890**	732
Net cash from investing activities		**(345)**	(11,813)
Cash flow from financing activities			
Share capital issued	13	**-**	-
Drawings from loan facilities net of issue costs		**453**	8,400
Net cash inflow from financing activities		**453**	8,400
Net (decrease)/increase in cash and cash equivalents		**108**	(3,413)
Cash and cash equivalents at 31 December 2013		**986**	4,399
Cash and cash equivalents at 31 December 2014		**1,094**	986

Company Statement of Financial Position

at 31 December 2014

	Note	2014 £000	2013 £000
Assets			
Non current assets			
Investments	7	**10**	10
Other financial assets	8	**1,872**	367
Total assets		**1,882**	377
Liabilities			
Current liabilities			
Other borrowings	11	**-**	(367)
		-	(367)
Non current liabilities			
Non current other borrowings	11	**(1,872)**	-
		(1,872)	-
Total liabilities		**(1,872)**	(367)
Net assets		**10**	10
Equity attributable to equity holders			
Ordinary shares	13	**10**	10
Total equity		**10**	10

These financial statements were approved by the board of directors on 14th May 2015 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 2014

	Share Capital £000	Total Equity £000
Balance at start and end of year	**10**	**10**

Company statement of cash flows
for year ended 31 December 2014

	Note	2014 £000	2013 £000
Cash flows from operating activities			
Result for the period		-	-
Cash flow from investing activities			
Acquisition of a subsidiary	7,8	-	-
Investment in subsidiary		-	-
Net cash flow from investing activities		-	-
Cash flow from financing activities			
Issue of share capital	13	-	-
Drawings from loan facilities net of issue costs	11	-	-
Net cash inflow from financing activities		-	-
Net increase in cash and cash equivalents		-	-
Cash and cash equivalents at 31 December 2013		-	-
Cash and cash equivalents at 31 December 2014		-	-

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

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 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.

New IFRS standards and interpretations adopted during 2014

In 2014 the following amendments had been endorsed by the EU, became effective and therefore were adopted by the Group:

- Transition guidance: Amendments to IFRS 10, IFRS 11 and IFRS 12 (effective for annual periods beginning on or after 1 January 2014)
- IFRS 10 Consolidated Financial Statements (effective for annual periods beginning on or after 1 January 2014)
- IFRS 11 Joint Arrangements (effective for annual periods beginning on or after 1 January 2014)
- IFRS 12 Disclosure of Interests in Other Entities (effective for annual periods beginning on or after 1 January 2014)
- IAS 27 (2011) Separate Financial Statements (effective for annual periods beginning on or after 1 January 2014)
- IAS 28 (2011) Investments in Associates and Joint Ventures (effective for annual periods beginning on or after 1 January 2014)
- Amendments to IAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2014)
- Annual Improvement Projects to IFRS's. The Annual Improvement Project to IFRS's provides a vehicle for making non-urgent but necessary amendments to IFRS's. Amendments to a number of standards have been adopted (effective for annual periods beginning on or after 1 January 2014).

The adoption of these standards and amendments has not had a material impact on the Group's financial statements.

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 Group:

- IFRS 9 Financial Instruments (effective for annual periods beginning on or after 1 January 2018)
- Equity Method in Separate Financial Statements – Amendments to IAS 27 (effective for annual periods beginning on or after 1 January 2016)
- 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)
- 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)

Notes *(continued)*

1 Accounting policies *(continued)*

- Disclosure Initiative – Amendments to IAS 1 (effective for annual periods beginning on or after 1 January 2016)
- IFRS 15 Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2017)

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 are expected to have a material impact.

2 Revenue

	2014 Group £000	2013 Group £000
Rendering of construction and FM services	**1,968**	11,867

3 Expenses and auditor's remuneration

Auditor's remuneration:

	2014 Group £000	2013 Group £000
Audit of these financial statements bourne and paid by subsidiary	**1**	1
Fees payable to the company's auditor for the audit of the subsidiary's annual accounts	**11**	10
	12	11

4 Staff numbers and costs

There were no employees during the year (2013: none). The directors have no contract of services with the group (2013: nil). Amounts payable to third parties in respect of directors' services were £nil (2013: £nil).

Notes *(continued)*

5 Finance income and expense

	2014 Group £000	2013 Group £000
Finance income		
Interest income on financial asset	**888**	725
Interest receivable	**2**	7
Total finance income	**890**	732
Finance expense		
Interest expense on financial liabilities measured at amortised cost	**(1,002)**	(801)
Total finance expense	**(1,002)**	(801)

6 Income tax charge

Recognised in the income statement

	2014 Group £000	2013 Group £000
Corporation tax:		
Current year	2	91
	2	91

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

	2014 Group £000	2013 Group £000
Profit before tax	**8**	392
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.5% (2013: 23.25%)	**2**	91
Tax charge	**2**	91

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. It has not yet been possible to quantify the full anticipated effect of the announced further rate reductions.

Notes *(continued)*

7 Investments in subsidiaries

The company has the following investment in a subsidiary:

	2014 Company £000	2013 Company £000
Investment in subsidiary	**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

	2014 Company £000	**2014 Group £000**	2013 Company £000	2013 Group £000
Current Assets				
PFI Financial Asset	**-**	**871**	-	2,523
		871	-	2,523
Non current Assets				
PFI Financial Asset	**-**	**19,603**	-	17,707
Amount due from subsidiary	**1,872**	**-**	367	-
	1,872	**19,603**	367	17,707
	1,872	**20,474**	367	20,230

9 Trade and other receivables

	2014 Group £000	2013 Group £000
Other receivables	**-**	27
Prepayments	**44**	61
	44	88
Analysed		
Non-current	**-**	-
Current	**44**	88
	44	88

Notes *(continued)*

10 Trade and other payables

	2014 Group £000	2013 Group £000
Trade payables	**91**	61
Corporation tax	**93**	91
Accruals	**199**	402
	383	554
Analysed		
Non-current	**12**	-
Current	**371**	554
	383	554

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 2014 Group £000	Amount Utilised 2014 Group £000	Carrying Value 2014 Group £000	Amount Utilised 2013 Group £000	Carrying Value 2013 Group £000
Term loan facility	**19,397**	**19,397**	**18,847**	19,397	18,382
Equity bridge loan facility	**1,497**	**1,497**	**-**	1,497	1,497
Debt service reserve facility	**495**	**-**	**-**	495	-
	21,389	**20,894**	**18,847**	21,389	19,879
Analysed					
Current			**408**		1,750
Non-current			**18,439**		18,129
			18,847		19,879

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%.

Notes *(continued)*

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

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

	Facility 2014 Group £000	Amount Utilised 2014 Group £000	Carrying Value 2014 Group £000	Amount Utilised 2013 Group £000	Carrying Value 2013 Group £000
Other borrowings	1,872	1,872	1,872	374	367
	1,872	1,872	1,872	374	367
Analysed					
Current			-		367
Non-current			1,872		-
			1,872		367

	Facility 2014 Company £000	Amount Utilised 2014 Company £000	Carrying Value 2014 Company £000	Amount Utilised 2013 Company £000	Carrying Value 2013 Company £000
Other borrowings	1,872	1,872	1,872	374	367
	1,872	1,872	1,872	374	367
Analysed					
Current			-		367
Non-current			1,872		-
			1,872		367

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 Carillion Construction Limited dated 24 August 2013, the company was committed at 31 December 2014 to payments totalling £Nil (2013: £1,793,000) 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 2014 to payments totalling £5,100,000 (2013: £5,499,000) (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

	2014 Company £000	2013 Company £000
Allotted, called up and fully paid		
10,000 ordinary shares of £1 each	**10**	10

14 Retained earnings

	2014 Group £000	2013 Group £000
At start of year	**494**	193
Profit for the financial year	**6**	301
At end of year	**500**	494

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 2014 Group £000	**Fair value 2014 Group £000**	Carrying amount 2013 Group £000	Fair value 2013 Group £000
Financial assets				
Other financial assets	**20,474**	**20,474**	20,230	20,230
Loans and receivables				
Cash and cash equivalents	**1,094**	**1,094**	986	986
Trade and other receivables (note 9)	**44**	**44**	88	88
Total loans and receivables	**1,138**	**1,138**	1,074	1,074
Total financial assets	**21,612**	**21,612**	21,304	21,304
Financial liabilities measured at amortised cost				
Interest bearing loans	**20,731**	**19,624**	20,246	17,778
Trade and other payables (note 10)	**371**	**371**	554	554
Total financial liabilities measured at amortised cost	**21,102**	**19,995**	20,800	18,332
Total financial liabilities	**21,102**	**19,995**	20,800	18,332
Total financial instruments	**510**	**1,617**	504	2,972

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.

Notes *(continued)*

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:

	2014	2013
	£000	£000
Government backed institutions- Nottingham City Council (UK)		
Not past due	**20,474**	20,230
	20,474	20,230

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.

Liquidity risk

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

2014 Group	**Carrying Value**	**Contractual Cashflows**	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**More than 5 years**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Non-derivative Financial Liabilities						
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	**343**	**343**	**229**	**101**	**13**	**-**
	21,062	**36,144**	**564**	**1,199**	**6,106**	**28,275**

Notes *(continued)*

15 (c) Liquidity risk (continued)

2013 Group	Carrying Value £000	Contractual Cashflows £000	Less than 3 months £000	3 to 12 months £000	1 to 5 years £000	More than 5 years £000
Non-derivative Financial Liabilities						
Term loan	18,680	29,561	194	831	4,793	23,743
Equity bridge loan	1,497	1,513	1,513	-	-	-
Other unsecured loans	374	378	378	-	-	-
Trade & other payables	554	554	194	360	-	-
	21,105	32,006	2,279	1,191	4,793	23,743

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

	2014 Group £000	2013 Group £000
Fixed rate instruments		
Financial assets	**20,474**	20,230
Financial liabilities	**(20,731)**	(20,246)
	(257)	(16)

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	**Year ended 31 December 2014 Group £000**	Period ended 31 December 2013 Group £000
Building Schools for the Futures Investments Limited	**47**	8
Carillion Construction Limited	**860**	10,560
Carillion Private Finance	**-**	62
Carillion Insurance Advisors	**2**	64
Inspiredspaces Nottingham Limited	**450**	456
Nottingham City Council	**51**	8
Carillion Services Limited	**594**	156
	2,004	11,314

Payables outstanding	**31 December 2014 Group £000**	31 December 2013 Group £000
Carillion Construction Limited	**-**	319
Carillion Services	**46**	-
BSFi	**45**	-
Inspiredspaces Nottingham Limited	**51**	38
Nottingham City Council	**63**	12
	205	369

17 Ultimate parent company and parent company of larger group

At 31 December 2014 81% of the company's share capital was held by Building Schools for the Future Investments Ltd, 10% was held by Inspiredspaces Nottingham Limited and 9% was held by Nottingham City Council.

On 27 June 2014 Inspiredspaces Nottingham (PSP3) Limited sold its holding of 72% of the share capital of Inspiredspaces Nottingham (Holdings1) Limited to Building Schools for the Future Investments Ltd.

As at 31 December 2014, the company is ultimately majority-owned by 3 investors where investments are managed by Building Schools for the Future Investments Ltd, Inspiredspaces Nottingham Limited and Nottingham City Council.

The directors do not consider there to be an ultimate controlling party.