

COMPANY REGISTRATION NUMBER: NI605032

Lagan College Education Partnership (Holdings) Limited
Financial Statements
31 December 2017



Lagan College Education Partnership (Holdings) Limited

Financial Statements

Year ended 31 December 2017

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Lagan College Education Partnership (Holdings) Limited

Directors' Report

Year ended 31 December 2017

The directors present their report and the audited financial statements of the group for the year ended 31 December 2017.

Principal activities and business review

The principal activity of the company is that of a holding company with a single subsidiary, Lagan College Education Partnership Limited.

The principal activity of the group is the provision of operational and maintenance services for Lagan College, in accordance with a Project Agreement entered into with the Governing Body of the Board of Governors of Lagan College.

The College became fully operational on 27 August 2013. The group is currently operating the facility for the period to 27 August 2038, providing a full range of facilities management services under a contractual agreement that provides a regular income stream which is subject to deductions for service shortfalls and the unavailability of the facility.

The result for the group for the year is shown in the Consolidated Profit and Loss Account on page 7.

Directors

The directors who served the company during the year and up to the date of this report are shown below:

I Tayler
A Naafs

Dividends

The directors have not recommended a dividend (2016: £nil).

Future developments

The updated forecast for the project confirms that it is performing satisfactorily and management of the scheme both logistically and financially remains under control. The directors remain confident that the group will maintain the current level of performance and keep meeting the obligations under the contract.

Donations

The group and parent company made no political donations during the year (2016: £nil).

Small company exemption

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006. The directors have taken advantage of the small companies exemptions provided by Sections 415A and 415B of the Companies Act 2006, which includes those in relation to the exemption from certain requirements of the Directors' report and the available exemption to not prepare a Strategic report.

Lagan College Education Partnership (Holdings) Limited

Directors' Report *(continued)*

Year ended 31 December 2017

Disclosure of Information to the auditors

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the group's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's auditors are aware of that information.

Independent auditors

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

This report was approved by the Board of directors on 29 June 2018 and signed on behalf of the Board by:



I Tayler
Director

Registered office:
Ground Floor
Quaygate House
15 Scrabo Street
Belfast
BT5 4BD

Lagan College Education Partnership (Holdings) Limited

Directors' Responsibilities Statement

Year ended 31 December 2017

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 the profit or loss of the group and parent company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and parent company's transactions and disclose with reasonable accuracy at any time the financial position of the group and parent company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Signed on behalf of the Board by:



I Tayler
Director

Registered office:
Ground Floor
Quaygate House
15 Scrabo Street
Belfast
BT5 4BD

Date: 29 June 2018

Lagan College Education Partnership (Holdings) Limited

Independent Auditors' Report to the Members of Lagan College Education Partnership (Holdings) Limited

Year ended 31 December 2017

Report on the audit of the financial statements

Opinion

In our opinion, Lagan College Education Partnership Holdings Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2017 and of the group's profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Financial Statements (the "Annual Report"), which comprise: the Consolidated and Company Balance Sheets as at 31 December 2017; the Consolidated Profit and Loss Account, the Consolidated Cash Flow Statement and Consolidated and Company Statements of Changes in Equity for the year then ended; and the Notes to the Financial Statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

Lagan College Education Partnership (Holdings) Limited

Independent Auditors' Report to the Members of Lagan College Education Partnership (Holdings) Limited (continued)

Year ended 31 December 2017

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Lagan College Education Partnership (Holdings) Limited

Independent Auditors' Report to the Members of Lagan College Education Partnership (Holdings) Limited (continued)

Year ended 31 December 2017

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Jonathan Studholme

Jonathan Studholme (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
29 June 2018

Lagan College Education Partnership (Holdings) Limited

Consolidated Profit and Loss Account

Year ended 31 December 2017

	Note	2017 £000	2016 £000
Turnover	4	1,071	924
Cost of sales		(890)	(782)
Administrative expenses		(73)	(54)
Operating profit		108	88
Interest receivable and similar income	7	1,752	1,790
Interest payable and similar expenses	8	(1,810)	(1,844)
Profit before taxation		50	34
Tax on profit	9	1	(6)
Profit for the financial year		51	28

The notes on pages 13 to 21 form part of these financial statements.

All the activities of the group are from continuing operations.

The group has no other recognised items of income and expenses other than the results for the year as set out above.

Lagan College Education Partnership (Holdings) Limited

Consolidated Balance Sheet

As at 31 December 2017

	Note	2017 £000	2016 £000
Current assets			
Debtors: amounts falling due within one year	11	698	657
Debtors: amounts falling due after more than one year	11	26,811	27,497
Cash at bank and in hand		1,973	1,848
Total current assets		29,482	30,002
Creditors: amounts falling due within one year	12	(2,606)	(2,358)
Net current assets		26,876	27,644
Total assets less current liabilities		26,876	27,644
Creditors: amounts falling due after more than one year	13	(26,595)	(27,414)
Net assets		281	230
Capital and reserves			
Called up share capital	16	10	10
Profit and loss account		271	220
Total equity		281	230

The notes on pages 13 to 21 form part of these financial statements.

The financial statements on pages 7 to 21 were approved by the Board of directors on 29 June 2018, and signed on behalf of the Board by:



I Tayler
Director

Company registration number: NI605032

Lagan College Education Partnership (Holdings) Limited

Company Balance Sheet

As at 31 December 2017

	Note	2017 £000	2016 £000
Fixed assets			
Investments	10	10	10
Current assets			
Debtors: amounts falling due within one year	11	157	153
Debtors: amounts falling due after more than one year	11	3,390	3,437
Total current assets		3,547	3,590
Creditors: amounts falling due within one year	12	(157)	(153)
Net current assets		3,390	3,437
Total assets less current liabilities		3,400	3,447
Creditors: amounts falling due after more than one year	13	(3,390)	(3,437)
Net assets		10	10
Capital and reserves			
Called up share capital	16	10	10
Total equity		10	10

The result for the financial year of the parent company was £nil (2016: £nil).

The notes on pages 13 to 21 form part of these financial statements.

The financial statements on pages 7 to 21 were approved by the Board of directors on 29 June 2018 and signed on behalf of the Board by:



I Tayler
Director

Company registration number: NI605032

Lagan College Education Partnership (Holdings) Limited

Consolidated Statement of Changes in Equity

Year ended 31 December 2017

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 January 2016	10	192	202
Profit for the financial year	—	28	28
Total comprehensive income for the year	—	28	28
At 31 December 2016	10	220	230
Profit for the financial year	—	51	51
Total comprehensive income for the year	—	51	51
At 31 December 2017	10	271	281

The notes on pages 13 to 21 form part of these financial statements.

Lagan College Education Partnership (Holdings) Limited

Company Statement of Changes in Equity

Year ended 31 December 2017

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 January 2016	10	–	10
Result for the financial year	–	–	–
At 31 December 2016	10	–	10
Result for the financial year	–	–	–
At 31 December 2017	<u>10</u>	<u>–</u>	<u>10</u>

The notes on pages 13 to 21 form part of these financial statements

Lagan College Education Partnership (Holdings) Limited

Consolidated Cash Flow Statement

Year ended 31 December 2017

	2017 £000	2016* £000
Cash flows from operating activities		
Profit for the financial year	51	28
<i>Adjustments for:</i>		
Interest receivable and similar income	(1,752)	(1,790)
Interest payable and similar expenses	1,810	1,844
Tax on profit	(1)	6
<i>Changes in:</i>		
Trade and other debtors	645	606
Trade and other creditors	224	(464)
Cash generated from operations	977	230
Interest paid	(1,777)	(1,454)
Interest received	1,752	1,790
Tax paid	(7)	(1)
Net cash generated from operating activities	945	565
Cash flows from financing activities		
Repayment of bank loan	(773)	(553)
Repayment of subordinated debt	(47)	(42)
Net cash used in financing activities	(820)	(595)
Net increase/(decrease) in cash and cash equivalents	125	(30)
Cash and cash equivalents at beginning of year	1,848	1,878
Cash and cash equivalents at end of year	1,973	1,848

*In 2016, accrued interest has been reclassified from interest paid to trade and other creditors, and accrued interest has also been reclassified from bank loan repayment to trade and other creditors.

The notes on pages 13 to 21 form part of these financial statements.

Lagan College Education Partnership (Holdings) Limited

Notes to the Financial Statements

Year ended 31 December 2017

1. General information

The company is a private company limited by shares incorporated in the United Kingdom, and is registered and domiciled in the United Kingdom at Ground Floor, Quaygate House, 15 Scrabo Street, Belfast, BT5 4BD. The company's principal activity is that of a holding company with a single subsidiary, Lagan College Education Partnership Limited.

2. Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") and the Companies Act 2006. The presentation currency of these financial statements is sterling.

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

3. Summary of significant accounting policies

Measurement convention

The financial statements were prepared under the historical cost convention.

Going concern

The directors have reviewed the cash flow forecast and taking into account of reasonable possible changes in operations, believe that the group and parent company will be able to settle liabilities as they fall due for payment for the foreseeable future and therefore consider that it is appropriate to prepare these financial statements on a going concern basis.

Exemptions for qualifying entities under FRS 102

The parent company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemption available under FRS 102 in respect of the following disclosure:

- Cash Flow Statement and related notes.
- Basic Financial Instruments and Other Financial Instrument Issues.

Lagan College Education Partnership (Holdings) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

3. Summary of significant accounting policies *(continued)*

Critical accounting estimates and assumptions

The preparation of financial statements in conformity with FRS 102 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based upon historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods. Certain critical accounting judgements in applying the group's accounting policies are described below:

Accounting for the service concession contract and finance debtor requires an estimation of service margins, finance debtor interest rates and associated amortisation profile which is based on forecasted results of the PFI contract. Quarterly management accounts are produced, which compare actual financial performance with a detailed financial model. Variances are investigated and consideration given to the impact of any major variances. The financial model is updated on a six monthly basis, to reflect actual performance to date and accommodate any changes in economic assumptions. These processes ensure that the project remains robust and viable throughout the life of the contract.

Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertaking, Lagan College Education Partnership Limited. The acquisition method of accounting has been adopted. The parent company has taken advantage of section 408 of the Companies Act 2006 not to publish its own Profit and Loss Account.

Turnover

Turnover represents the value of services rendered, excluding sales related taxes, and is recognised to the extent that the group obtains the right to consideration in exchange for its performance. During the construction phase, which completed on 27 August 2013, revenues in excess of net operating and finance costs were deferred until completion of construction, and are being released to the Profit and Loss Account over the remaining life of the concession. During the operational phase, turnover is recognised as contract activity progresses at a mark up on costs related to the provision of services. In line with FRS 102 23.22(a), the mark up is calculated based upon the forecast service revenues and costs over the concession period.

Lagan College Education Partnership (Holdings) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

3. Summary of significant accounting policies *(continued)*

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss Account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

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

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Investments

Investments in subsidiary undertakings are stated at cost, less an appropriate provision to reflect any impairment in the value of the investments.

Financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest rate method, less any impairment losses in the case of trade debtors.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest rate method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and treasury deposits.

Restricted cash

The group is obligated to keep a separate cash reserve in respect of future major maintenance costs. This restricted cash balance, which is shown on the balance sheet within the "cash at bank and in hand" balance, amounts to £228,000 at the year end (2016: £150,000).

Lagan College Education Partnership (Holdings) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

3. Summary of significant accounting policies *(continued)*

Finance debtor

The group is an operator of a PFI contract. The underlying asset is not deemed to be an asset of the group under FRS 102 section 34.12C, because the risks and rewards of ownership as set out in that Standard are deemed to lie principally with the Authority.

During the construction phase of the project, all attributable expenditure was included in amounts recoverable on contracts and turnover. Upon becoming operational, the costs were transferred to the finance debtor. During the operational phase, income is allocated between interest receivable and the finance debtor using a project specific interest rate. The remainder of the PFI unitary charge income is included within turnover in accordance with FRS 102 section 23.22(a). The group recognises income in respect of the services provided as it fulfils its contractual obligations in respect of those services and in line with the fair value of the consideration receivable in respect of those services.

Expenses

Interest receivable and Interest payable

Interest payable and similar expenses include interest payable on borrowings and associated on-going financing fees.

Interest receivable and similar income include interest receivable on funds invested and interest recognised on the finance debtor based upon the finance debtor accounting policy above.

Interest payable is recognised in the Profit and Loss Account, using the effective interest rate method.

4. Turnover

Turnover arises from:

	2017	2016
	£000	£000
Service income	<u>1,071</u>	<u>924</u>

The whole of the turnover is attributable to the principal activity of the group wholly undertaken in the United Kingdom.

5. Auditors' remuneration

The audit fee in respect of the group was £10,000 (2016: £10,000) and for the company £2,000 (2016: £2,000). All the group audit fees have been borne by the company's subsidiary undertaking, Lagan College Education Partnership Limited.

Lagan College Education Partnership (Holdings) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

6. Staff costs and directors' remuneration

The group and parent company had no employees during the year (2016: nil). No key management personnel received any remuneration during the year (2016: nil). The directors have no contract of service with the group and parent company. During the year the group incurred charges of £26,000 (2016: £25,000) from BBGI Management HoldCo S.a.r.l. (an indirect and wholly owned subsidiary of BBGI SICAV S.A., which are both registered and domiciled at 6, Route de Treves, Building E, L-2633 Senningerberg, Luxembourg), for making available the services of the directors.

7. Interest receivable and similar income

	2017 £000	2016 £000
Bank interest receivable	2	2
Finance debtor interest receivable	1,750	1,788
	<u>1,752</u>	<u>1,790</u>

Interest is imputed on the finance debtor using the property specific rate of 6.27%.

8. Interest payable and similar expenses

	2017 £000	2016 £000
Interest payable on bank loan	1,457	1,486
Interest payable on subordinated debt	347	352
Other interest payable and similar expenses	6	6
	<u>1,810</u>	<u>1,844</u>

9. Tax on profit

Tax (income)/expense

	2017 £000	2016 £000
Current tax:		
UK current tax (income)/expense	(1)	6
Tax on profit	<u>(1)</u>	<u>6</u>

Lagan College Education Partnership (Holdings) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

9. Tax on profit *(continued)*

Reconciliation of tax (income)/expense

The tax assessed on the profit before taxation for the year is lower than (2016: lower than) the standard rate of corporation tax in the UK of 19.25% (2016: 20%).

	2017 £000	2016 £000
Profit before taxation	50	34
Profit by rate of tax	10	7
Adjustment to tax charge in respect of prior periods	(11)	–
Changes in tax rates and laws	–	(1)
Tax on profit	(1)	6

Factors that may affect future tax expense

The UK corporation tax rate will reduce to 17% from 1 April 2020. This change was substantively enacted as part of the Finance Bill on 6 September 2016. This change has been reflected in the financial statements and will reduce the group's future current tax charge accordingly.

10. Investments

Company	Shares in subsidiary undertaking £000
Cost	
At 1 January 2017 and 31 December 2017	10
Accumulated impairment	
At 1 January 2017 and 31 December 2017	–
Carrying amount	
At 31 December 2017	10
At 31 December 2016	10

The company owns 100% of the issued share capital (£10,000) of Lagan College Education Partnership Limited, which is registered and domiciled in the United Kingdom at Ground Floor, Quaygate House, 15 Scrabo Street, Belfast, BT5 4BD.

Lagan College Education Partnership (Holdings) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

11. Debtors

Debtors falling due within one year are as follows:

	Group		Company	
	2017	2016	2017	2016
	£000	£000	£000	£000
Amounts owed by group undertakings	–	–	157	153
Finance debtor	686	645	–	–
Prepayments and accrued income	12	12	–	–
	<u>698</u>	<u>657</u>	<u>157</u>	<u>153</u>

Debtors falling due after one year are as follows:

	Group		Company	
	2017	2016	2017	2016
	£000	£000	£000	£000
Amounts owed by group undertakings	–	–	3,390	3,437
Finance debtor	26,811	27,497	–	–
	<u>26,811</u>	<u>27,497</u>	<u>3,390</u>	<u>3,437</u>

Amounts owed by group undertakings are unsecured, repayable by 2038 and attract interest at 10%.

12. Creditors: amounts falling due within one year

	Group		Company	
	2017	2016	2017	2016
	£000	£000	£000	£000
Bank loans and overdrafts	998	975	–	–
Trade creditors	62	59	–	–
Retention	369	369	–	–
Other creditors	18	–	–	–
Corporation tax	13	17	–	–
Other taxation and social security	136	85	–	–
Subordinated debt (including accrued interest)	157	153	157	153
Accruals and deferred income	853	700	–	–
	<u>2,606</u>	<u>2,358</u>	<u>157</u>	<u>153</u>

13. Creditors: amounts falling due after more than one year

	Group		Company	
	2017	2016	2017	2016
	£000	£000	£000	£000
Bank loans and overdrafts	23,155	23,922	–	–
Subordinated debt	3,390	3,437	3,390	3,437
Deferred tax liability	22	26	–	–
Accruals and deferred income	28	29	–	–
	<u>26,595</u>	<u>27,414</u>	<u>3,390</u>	<u>3,437</u>

Lagan College Education Partnership (Holdings) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

13. Creditors: amounts falling due after more than one year *(continued)*

Included within Bank loans and overdrafts is an amount repayable after five years of £19,782,000 (2016: £20,702,000) and included within subordinated debt are amounts repayable after five years of £3,075,000 (2016: £3,151,000).

Bank loan relates to senior secured funding granted by Aviva Commercial Finance Limited. The senior loan facility is for a total value of £27,850,000.

The senior loan facility consists of two separate facilities: a change in law facility of £684,000 which has not yet been drawn down and a term loan facility of £27,166,000 which is repayable in ninety six quarterly instalments ending 31 May 2037. Interest is charged on amounts drawn under the facility at a fixed rate of 5.79%. As at 31 December 2017 the total amount outstanding on the bank loan facility is £24,169,000 (2016: £24,942,000) and is based on the contractual loan agreement.

The senior loan facility is secured by a fixed charge over all leasehold interests, book debts, project accounts and intellectual property of the group and by a floating charge over the group's undertakings and assets.

Subordinated debt represents a £3,390,000 (2016: £3,437,000) unsecured loan facility due to BBGI (NI) Limited and is based on the contractual loan agreement. The subordinated loan facility bears interest at a fixed rate of 10% and is fully repayable by 2038.

14. Financial instruments

(a) Carrying amount of financial instruments

The carrying amounts of the financial assets and liabilities include:

Financial assets

	Group	
	2017	2016
	£000	£000
Financial assets measured at amortised cost - finance debtor, trade and other debtors	27,497	28,142
Other financial instruments - cash and cash equivalents	1,973	1,848
	29,470	29,990

Financial liabilities

	Group	
	2017	2016
	£000	£000
Financial liabilities measured at amortised cost- trade and other payables, bank loans and overdrafts and subordinated debt	(27,780)	(28,546)

15. Deferred tax

The deferred tax liability included in the group balance sheet is as follows:

	Group		Company	
	2017	2016	2017	2016
	£000	£000	£000	£000
Deferred tax on effective interest adjustment	22	26	-	-

Lagan College Education Partnership (Holdings) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

16. Called up share capital

Group and company

Issued, called up and fully paid

	2017		2016	
	No.	£000	No.	£000
Ordinary shares of £1 each	<u>10,000</u>	<u>10</u>	<u>10,000</u>	<u>10</u>

17. Related parties

Group

During the year the group entered into the following transactions with related parties:

	Transactions with related parties		Payables to related parties	
	2017	2016	2017	2016
	£000	£000	£000	£000
BBGI Management HoldCo S.a.r.l.	26	25	6	6
BBGI (NI) Limited	<u>347</u>	<u>352</u>	<u>3,547</u>	<u>3,590</u>

18. Ultimate parent company and parent company of larger group

At 31 December 2017, 100% of the share capital in the company was held by BBGI (NI) Limited, which is registered and domiciled in the United Kingdom at 1 Grenfell Road, Maidenhead, Berkshire, SL6 1HN.

BBGI (NI) Limited is an indirect and wholly owned subsidiary of BBGI SICAV S.A., a Luxembourg investment company listed on the London Stock Exchange.

BBGI Management HoldCo S.a.r.l. is an indirect and wholly owned subsidiary of BBGI SICAV S.A., a Luxembourg incorporated investment company listed on the London Stock Exchange, and is registered and domiciled at 6, Route de Treves, Building E, L-2633 Senningerberg, Luxembourg.

BBGI SICAV S.A. is the ultimate parent undertaking and controlling party during the years ended 31 December 2017 and 31 December 2016, and is registered and domiciled at 6, Route de Treves, Building E, L-2633 Senningerberg, Luxembourg.

No other financial statements consolidate the results of the group.