

Registered number: 04122243

EDUCATION LINK (2001) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021



EDUCATION LINK (2001) LIMITED

COMPANY INFORMATION

Director	H Holman (appointed 1 March 2021)
Company secretary	E Clarke
Registered number	04122243
Registered office	Suite 6C 3rd Floor, Sevendale House 5-7 Dale Street Manchester M1 1JA
Independent auditors	Goodman Jones 29/30 Fitzroy Square London W1T 6LQ

EDUCATION LINK (2001) LIMITED

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EDUCATION LINK (2001) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2021

Introduction

The Director present their strategic report for the year ended 30 September 2021.

Business review

The Company's principal activity is the funding and construction of Newbury College of Further Education and operation of related facilities management services under a Private Finance Initiative ('PFI') contract. It made a loss before tax of £24,096 for the financial year ended 30 September 2021 (2020: £277,633 profit). Net liabilities were £647,297 at the year end (2020: £660,051). The Director considers the financial position at 30 September 2021 to be satisfactory.

Principal risks and uncertainties

The Company manages all debt interest risk via an interest rate swap. All RPI increase risk is transferred outside the Company via an index linked payment mechanism.

The Company has only a single client from which it derives all revenue, although loss of this client would be financially significant, the Company mitigates this risk via the use of project contracts and by only dealing with creditworthy government authorities.


The Company's board of Directors has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate cash reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities.

Financial key performance indicators

The key performance indicators for the Company are that the Company suffered no unavailability or service deductions, that were not passed through to the sub contractor, during the year and performed within the restrictions imposed by project documentation. The Company performed within the parameters expected in comparison to financial model profiling.

This report was approved by the board on 27-04-22

and signed on its behalf.


.....
H Holman
Director

EDUCATION LINK (2001) LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2021

The director presents his report and the financial statements for the year ended 30 September 2021.

Director's responsibilities statement

The director is responsible for preparing the Strategic Report, the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the director is required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Principal activity

The principal activity of the Company during the year was the funding and construction of Newbury College of Further Education and operation of related facilities management services under the PFI.

Business review

The Company continued to provide a maintained education centre in Newbury, Berkshire on behalf of Berkshire County Council. The Company suffered no unavailability deductions, that were not passed through to the sub contractor, during the year (2020: none)

Director

The director who served during the year was:

H Holman (appointed 1 March 2021)
R Deeley (resigned 1 March 2021)
A R J Thkrar (resigned 15 October 2021)

Qualifying third party indemnity provisions

The Director of Education Link (2001) Limited has qualifying third party indemnity provisions put in place through other companies of which they are also Directors.

EDUCATION LINK (2001) LIMITED

DIRECTOR'S REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

Going Concern

The Company meets its day to day working capital requirements principally through a senior debt facility which is in place until December 2024, with interest payments economically hedged through an interest rate SWAP. The current economic conditions create some uncertainty, including with respect to:

- the ability of the SWAP provider to continue to meet their contractual commitments; and
- the ability of the debt provider to meet its contractual commitments.

The Directors have also considered the ability of government authorities to continue to pay unitary fees due to the Company and do not consider this to be a material risk.

The Company's forecasts and projections, taking into account reasonable possible changes in counterparty performance, show that the Company expects to be able to operate within the level of its current facilities and continue to meet forecast loan covenants, taking into account also the net liabilities position at year end.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

In the annual review of the Company's going concern, the Director has considered the long term impact of the Covid-19 pandemic. The Company has entered into long-term contracts with both the client and suppliers, and after careful review of these contracts the Director is confident that the Company can operate as normal for the next twelve months. The Director has committed to carrying out regular reviews of the company's cash flows to monitor the ongoing situation.

Disclosure of information to auditors

The director at the time when this Director's Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, Goodman Jones LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the Director has taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



Director

Date: 27-04-22

EDUCATION LINK (2001) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EDUCATION LINK (2001) LIMITED

Opinion

We have audited the financial statements of Education Link (2001) Limited (the 'Company') for the year ended 30 September 2021, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the director with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The director is responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

EDUCATION LINK (2001) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EDUCATION LINK (2001) LIMITED (CONTINUED)

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Director's Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Director's Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the director was not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Director's Report.

Responsibilities of Director

As explained more fully in the Director's Responsibilities Statement set out on page 2, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the director determines 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 director is responsible for assessing 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 director either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

EDUCATION LINK (2001) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EDUCATION LINK (2001) LIMITED (CONTINUED)

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to industry sector regulations and unethical and prohibited business practices, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and UK Tax Legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls). Appropriate audit procedures in response to these risks were carried out. These procedures included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reading minutes of meetings of those charged with governance;
- Obtaining and reading correspondence from legal and regulatory bodies including HMRC;
- Identifying and testing journal entries;
- Challenging assumptions and judgements made by management in their significant accounting estimates.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members; and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

There are inherent limitations in the audit procedures described above. The further removed instances of non-compliance with laws and regulations are from the events and transactions reflected in the financial statements, the less likely we are to become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

EDUCATION LINK (2001) LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EDUCATION LINK (2001) LIMITED
(CONTINUED)**

Use of our report

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 Auditors' 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.

Goodman Jones LLP

Paul Bailey (Senior Statutory Auditor)

for and on behalf of
Goodman Jones LLP

29/30 Fitzroy Square
London
W1T 6LQ
Date: 27-04-22

EDUCATION LINK (2001) LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

	Note	2021 £	2020 £
Turnover	3	1,495,402	1,538,228
Gross profit		<u>1,495,402</u>	<u>1,538,228</u>
Administrative expenses		(1,369,322)	(1,084,818)
Operating profit	4	<u>126,080</u>	<u>453,410</u>
Interest receivable and similar income	7	106,281	124,482
Interest payable and similar expenses	8	(256,457)	(300,259)
(Loss)/profit before tax		<u>(24,096)</u>	<u>277,633</u>
Tax on (loss)/profit	9	(55,632)	(76,122)
(Loss)/profit for the financial year		<u>(79,728)</u>	<u>201,511</u>
Other comprehensive income for the year			
Movement in cash flow hedge reserve		92,482	58,755
Other comprehensive income for the year		<u>92,482</u>	<u>58,755</u>
Total comprehensive income for the year		<u><u>12,754</u></u>	<u><u>260,266</u></u>

The notes on pages 13 to 23 form part of these financial statements.


EDUCATION LINK (2001) LIMITED
REGISTERED NUMBER: 04122243

STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021

	Note	2021 £	2020 £
Current assets			
Debtors: amounts falling due after more than one year	10	1,516,949	1,871,197
Debtors: amounts falling due within one year	10	460,899	528,558
Cash at bank and in hand	11	667,538	697,648
		<u>2,645,386</u>	<u>3,097,403</u>
Creditors: amounts falling due within one year	12	(791,995)	(641,983)
Net current assets		<u>1,853,391</u>	<u>2,455,420</u>
Total assets less current liabilities		<u>1,853,391</u>	<u>2,455,420</u>
Creditors: amounts falling due after more than one year	13	(2,421,958)	(3,069,478)
Provisions for liabilities			
Other provisions	16	(78,730)	(45,993)
		<u>(78,730)</u>	<u>(45,993)</u>
Net liabilities		<u>(647,297)</u>	<u>(660,051)</u>
Capital and reserves			
Called up share capital	17	2	2
Other reserves		(107,313)	(199,795)
Profit and loss account		(539,986)	(460,258)
		<u>(647,297)</u>	<u>(660,051)</u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



H Holman
 Director

Date: 27-04-22

EDUCATION LINK (2001) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

	Called up share capital	Cash flow hedge reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 October 2020	2	(199,795)	(460,258)	(660,051)
Comprehensive income for the year				
Loss for the year	-	-	(79,728)	(79,728)
Hedge effective portion of change in fair value of designated hedging	-	92,482	-	92,482
Total comprehensive income for the year	-	92,482	-	92,482
Total comprehensive income for the year	-	92,482	(79,728)	12,754
Total transactions with owners	-	-	-	-
At 30 September 2021	2	(107,313)	(539,986)	(647,297)

The notes on pages 13 to 23 form part of these financial statements.

EDUCATION LINK (2001) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

	Called up share capital	Cash flow hedge reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 October 2019	2	(258,550)	(661,769)	(920,317)
Comprehensive income for the year				
Profit for the year	-	-	201,511	201,511
Hedge effective portion of change in fair value of designated hedging	-	58,755	-	58,755
Other comprehensive income for the year	-	58,755	-	58,755
Total comprehensive income for the year	-	58,755	201,511	260,266
Total transactions with owners	-	-	-	-
At 30 September 2020	2	(199,795)	(460,258)	(660,051)

The notes on pages 13 to 23 form part of these financial statements.

EDUCATION LINK (2001) LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 SEPTEMBER 2021

	2021 £	2020 £
Cash flows from operating activities		
(Loss)/profit for the financial year	(79,728)	201,511
Adjustments for:		
Amortisation of intangible assets	460,480	460,480
Interest paid	256,457	300,259
Interest received	(106,233)	(124,482)
Taxation charge	55,632	76,122
Decrease/(increase) in debtors	67,659	(80,976)
(Decrease) in creditors	(447)	(108,934)
Increase/(decrease) in provisions	32,737	(56,081)
Corporation tax (paid)	(110,020)	(24,337)
Net cash generated from operating activities	576,537	643,562
Cash flows from financing activities		
Repayment of loans	(350,192)	(329,352)
Interest paid	(256,457)	(300,259)
Net cash used in financing activities	(606,649)	(629,611)
Net (decrease)/increase in cash and cash equivalents	(30,112)	13,951
Cash and cash equivalents at beginning of year	697,648	683,697
Cash and cash equivalents at the end of year	667,536	697,648
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	667,536	697,648
	667,536	697,648

The notes on pages 13 to 23 form part of these financial statements.

EDUCATION LINK (2001) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

1. Accounting policies

1.1 Basis of preparation of financial statements

Education Link (2001) Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK. 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"). The presentation currency of these financial statements is sterling.

Service concession arrangements –The Company entered into its Service concession arrangement before the date of transition to this FRS. Therefore its service concession arrangements have continued to be accounted for using the same accounting policies being applied at the date of transition to this FRS.

Education Link (Holdings) Limited (Registered number 04096117) holds a 100% interest in Education Link (2001) Limited and is considered to be the immediate parent company. The ultimate parent and controlling party is considered to be Equitix Fund III LP. Equitix Fund III LP is regarded by the Director as the Company's ultimate parent entity and controlling party at 30 September 2021. Copies of that entity's consolidated financial statements are available from 3rd Floor (South), 200 Aldersgate Street, London, EC1A 4HD.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. Judgements made by the Directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

1.2 Going concern

The Company meets its day to day working capital requirements principally through a senior debt facility which is in place until December 2024.

The Directors have also considered the ability of government authorities to continue to pay unitary fees due to the Company and do not consider this to be a material risk.

The Company's forecasts and projections, taking into account reasonably possible changes in counterparty performance, show that the Company expects to be able to operate within the level of its current facilities and continue to meet forecast loan covenants.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

In the annual review of the Company's going concern, the Director has considered the long term impact of the Covid-19 pandemic. The Company has entered into long-term contracts with both the client and suppliers, and after careful review of these contracts the Director is confident that the Company can operate as normal for the next twelve months. The Director has committed to carrying out regular reviews of the company's cash flows to monitor the ongoing situation.

EDUCATION LINK (2001) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

1. Accounting policies (continued)

1.3 Finance debtor

The Company is an operator under a PFI contract. Under the terms of the contract, substantively all the risks and rewards of ownership of the property asset remain with Newbury College.

The underlying asset is therefore not treated as a fixed asset of the Company.

Unitary charge income is allocated between turnover and reimbursement of the finance debtor so as to generate a constant rate of return in respect of the finance debtor over the life of the contract. Turnover represents the income allocated to the services provided as part of the overall project.

1.4 Interest income

Interest income is recognised in profit or loss using the effective interest method.

1.5 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1.6 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

There were no dividends paid during the financial year.

1.7 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting, except that:

The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; And

Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

EDUCATION LINK (2001) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

1. Accounting policies (continued)

1.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

1.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.11 Hedge accounting

The Company has entered into variable to fixed rate interest swaps to manage its exposure to interest rate cash flow risk on its variable rate debt. These derivatives are measured at fair value at each reporting date. To the extent the hedge is effective, movements in fair value are recognised in other comprehensive income and presented in a separate cash flow hedge reserve. Any ineffective portions of those movements are recognised in profit or loss for the period.

2. Judgments in applying accounting policies and key sources of estimation uncertainty

The Director are satisfied that accounting policies are appropriate and applied consistently. Certain critical accounting judgments in applying the Company's accounting policies are described below:

Current and Deferred Tax: At each financial period end judgment is required in determining provision for current taxes. The amount of the deferred tax asset included in the Statement of Financial Position of the Company is recognised only to the extent that future taxable profits will be available against which the asset can be utilised. In estimating the amount of deferred tax asset that may be recognised, the director make judgments, based on current budgets and forecasts, about the amount of future taxable profits and the timings of when these will be realised.

Concession Arrangement: The concession arrangements undertaken by the Company are considered to fall within the scope of section 34 of FRS 102 'Service Concession Arrangements' although transition provisions have been adopted by the company as detailed in note 1.1. The judgment has been based on a consideration of the nature and terms of the agreement as detailed in note 1.3.

EDUCATION LINK (2001) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

3. Turnover

An analysis of turnover by class of business is as follows:

	2021 £	2020 £
Operating service revenue	1,495,402	1,538,228
	<u>1,495,402</u>	<u>1,538,228</u>

All turnover arose within the United Kingdom.

4. Operating profit

During the year, no Director received any emoluments (2020 - £NIL).

5. Auditors' remuneration

	2021 £	2020 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	7,220	7,000

Fees payable to the Company's auditor and its associates in respect of:

Audit-related assurance services	5,670	5,500
Taxation compliance services	1,550	1,500
	<u>7,220</u>	<u>7,000</u>

6. Employees

The Company has no employees other than the director, who did not receive any remuneration (2020 - £NIL)

EDUCATION LINK (2001) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

7. Interest receivable

	2021 £	2020 £
Bank interest	48	982
Finance debtor interest receivable	106,233	123,500
	<u>106,281</u>	<u>124,482</u>

8. Interest payable and similar expenses

	2021 £	2020 £
Bank interest payable	87,583	108,093
Other loan interest payable	168,874	192,166
	<u>256,457</u>	<u>300,259</u>

9. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	44,174	62,264
Adjustments in respect of previous periods	11,458	13,858
Total current tax	<u>55,632</u>	<u>76,122</u>
Taxation on profit on ordinary activities	<u>55,632</u>	<u>76,122</u>

EDUCATION LINK (2001) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2020 - the same as) the standard rate of corporation tax in the UK of 19% (2020 - 19%) as set out below:

	2021 £	2020 £
Profit on ordinary activities before tax	<u>74,870</u>	<u>277,632</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	<u>(4,578)</u>	45,180
Effects of:		
Capital allowances for year in excess of depreciation	17,464	11,601
Other timing differences leading to an increase (decrease) in taxation	42,746	19,341
Total tax charge for the year	<u><u>55,632</u></u>	<u><u>76,122</u></u>

Factors that may affect future tax charges

The Finance Bill 2021, subsequently enacted on 24 May 2021, increases the main rate of Corporation tax to 25% for the year commencing 1 April 2023. This tax rate has been used in calculating the net deferred tax asset.

The Company has the following net deferred tax asset which has not been provided for as this is not considered recoverable in the foreseeable future.

	2021 £	2020 £
Short term timing differences	26,828	37,961
Losses and other deductions	692,087	585,171
	<u><u>718,915</u></u>	<u><u>623,132</u></u>

10. Debtors

	2021 £	2020 £
Due after more than one year		
Financial debtor	1,516,949	1,871,197
	<u><u>1,516,949</u></u>	<u><u>1,871,197</u></u>

EDUCATION LINK (2001) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

10. Debtors (continued)

	2021 £	2020 £
Due within one year		
Trade debtors	164,224	163,676
Other debtors	-	87,688
Prepayments and accrued income	22,314	2,833
Financial debtor	274,361	274,361
	<u>460,899</u>	<u>528,558</u>

11. Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	667,536	697,648
	<u>667,536</u>	<u>697,648</u>

12. Creditors: Amounts falling due within one year

	2021 £	2020 £
Bank loans	373,507	350,193
Trade creditors	330,091	130,953
Corporation tax	44,174	110,020
Other creditors	272	-
Accruals and deferred income	43,951	50,817
	<u>791,995</u>	<u>641,983</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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

	2021	2020
	£	£
Bank loans	1,044,207	1,417,713
Other loans	1,270,438	1,451,970
Financial instruments (after 1 yr)	107,313	199,795
	<u>2,421,958</u>	<u>3,069,478</u>

The Company borrows at both fixed and floating rates of interest and then employs derivative financial instruments in the form of interest rate swaps to manage the Company's exposure to interest rate fluctuations.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

14. Loans

Analysis of the maturity of loans is given below:

	2021 £	2020 £
Amounts falling due within one year		
Bank loans	373,507	350,193
	<u>373,507</u>	<u>350,193</u>
Amounts falling due 1-2 years		
Bank loans	398,372	373,507
	<u>398,372</u>	<u>373,507</u>
Amounts falling due 2-5 years		
Bank loans	645,835	1,044,207
	<u>645,835</u>	<u>1,044,207</u>
Amounts falling due after more than 5 years		
Other loans	1,270,438	1,451,970
	<u>1,270,438</u>	<u>1,451,970</u>
	<u><u>2,688,152</u></u>	<u><u>3,219,877</u></u>

The bank loan is secured by a charge over the Company's assets and is repayable in installments from surplus income with full repayment due by December 2024. The bank loan bears interest at a floating rate of LIBOR plus a 0.8% margin. Fluctuations in LIBOR have been hedged through an interest rate swap fixed at 5.720% per annum.

The amounts owed to parent undertakings are paid semi-annually, not in installments. The loan bears interest at a rate of 12% per annum.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

15. Financial instruments

	2021 £	2020 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>2,625,092</u>	<u>3,094,570</u>
Financial liabilities		
Derivative financial instruments measured at fair value through profit or loss held as part of a trading portfolio	(107,313)	(199,795)
Financial liabilities measured at amortised cost	(3,062,466)	(3,401,647)
	<u>(3,169,779)</u>	<u>(3,601,442)</u>

Financial assets measured at amortised cost comprise cash at bank and in hand, financial debtor, trade and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, accruals, loans and provisions.

Derivative financial instruments designated as hedges of variable interest rate risk comprise an interest rate swap. The fair value of the interest rate swap has been determined by reference to prices available from the markets on which the instruments involved are traded.

16. Provisions

	Lifecycle Provision £
At 1 October 2020	45,993
Charged to profit or loss	32,737
At 30 September 2021	<u><u>78,730</u></u>

EDUCATION LINK (2001) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

17. Share capital

	2021	2020
	£	£
Allotted, called up and fully paid		
2 (2020 - 2) Ordinary shares shares of £1.00 each	<u>2</u>	<u>2</u>

18. Related party transactions

As a 100% subsidiary of Education Link (Holdings) Limited, a company incorporated in the United Kingdom, the Company has taken advantage of the exemption under FRS102 not to provide information on related party transactions with other undertakings within the Education Link (Holdings) Limited group.

19. Controlling party

The Company's immediate parent company is Education Link (Holdings) Limited. Copies of those accounts can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ. The Company's ultimate parent and controlling entity is Equitix Fund III LP, a partnership registered in England and Wales, whose registered office is 3rd Floor South, 200 Aldersgate Street, London, EC1A 4HD.