

Education Solutions Speke Limited

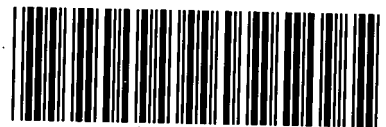
Report and Financial Statements

Year Ended

31 August 2016

Company Number 04173186

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Education Solutions Speke Limited

Company Information

Directors	A M Dwan R I Hughes I W Currie
Company secretary	North Consulting Limited
Registered number	04173186
Registered office	Building 1000 Kings Reach Yew Street Stockport SK4 2HG
Independent auditor	BDO LLP 3 Hardman Street Spinningfields Manchester M3 3AT

Education Solutions Speke Limited

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Education Solutions Speke Limited

Directors' report For the year ended 31 August 2016

The directors present their report and the financial statements for the year ended 31 August 2016.

Principal activities

The company is engaged in a PFI contract with Liverpool City Council which requires the company to build a learning centre and provide a range of services including catering and maintenance for a period of 25 years from October 2002 (the total project life being 27 years).

Directors

The directors who served during the year were:

A M Dwan
R I Hughes
I W Currie

Provision of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing his report and to establish that the company's auditor is aware of that information.

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

This report was approved by the board on *10 January 2017* and signed on its behalf.



J Connolly
For and on behalf of North Consulting Limited
Secretary

Education Solutions Speke Limited

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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 company will continue in business.

The directors are 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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.

Education Solutions Speke Limited

Independent Auditor's report to the members of Education Solutions Speke Limited

We have audited the financial statements of Education Solutions Speke Limited for the year ended 31 August 2016 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective January 2015) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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 auditors

As explained more fully in the statement of directors' responsibilities, 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 Financial Reporting Council's (FRC'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 FRC'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 company's affairs as at 31 August 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting practice applicable to Smaller entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Education Solutions Speke Limited

Independent Auditor's report to the members of Education Solutions Speke Limited

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, 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies regime.



Stuart Wood (Senior statutory auditor)
for and on behalf of BDO LLP, Statutory auditor
Manchester
United Kingdom

12.01.2017.

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Education Solutions Speke Limited

Profit and loss account For the year ended 31 August 2016

	Note	2016 £	2015 £
Turnover	1,2	2,020,670	1,942,009
Cost of sales		<u>(1,229,963)</u>	<u>(1,195,757)</u>
Gross profit		790,707	746,252
Administrative expenses		<u>(490,340)</u>	<u>(456,077)</u>
Operating profit	3	300,367	290,175
Interest receivable and similar income	4	1,023,968	1,082,745
Interest payable and similar charges	5	<u>(1,101,804)</u>	<u>(1,166,018)</u>
Profit on ordinary activities before taxation		222,531	206,902
Tax on profit on ordinary activities	6	<u>(44,665)</u>	<u>(41,200)</u>
Profit for the financial year	13	<u>177,866</u>	<u>165,702</u>

All amounts relate to continuing activities.

There were no recognised gains and losses for 2016 or 2015 other than those included in the profit and loss account.

The notes on pages 7 to 12 form part of these financial statements.

Education Solutions Speke Limited

Registered number: 04173186

Balance sheet As at 31 August 2016

	Note	£	2016 £	2015 £
Current assets				
Debtors: amounts falling due after more than one year	7	13,792,833	14,752,416	
Debtors: amounts falling due within one year	7	1,395,731	1,495,583	
Cash at bank		2,433,243	2,121,329	
		<u>17,621,807</u>	<u>18,369,328</u>	
Creditors: amounts falling due within one year	8	<u>(1,613,618)</u>	<u>(1,439,251)</u>	
Net current assets			<u>16,008,189</u>	<u>16,930,077</u>
Total assets less current liabilities			<u>16,008,189</u>	<u>16,930,077</u>
Creditors: amounts falling due after more than one year	9	(14,278,161)	(15,499,171)	
Provisions for liabilities				
Maintenance provision	11	(1,353,784)	(1,232,528)	
Net assets			<u><u>376,244</u></u>	<u><u>198,378</u></u>
Capital and reserves				
Called up share capital	12	1,000	1,000	
Share premium account	13	261,135	261,135	
Profit and loss account	13	114,109	(63,757)	
Shareholders' funds			<u><u>376,244</u></u>	<u><u>198,378</u></u>

The financial statements have been prepared in accordance with the special provisions applicable to small companies within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
16 JANUARY 2017



A M Dwan
Director

The notes on pages 7 to 12 form part of these financial statements.

Education Solutions Speke Limited

Notes to the financial statements For the year ended 31 August 2016

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015).

1.2 Turnover

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Rental income is recognised in the period to which the rent relates. Where the company have offered any lease incentives these are spread equally over the length of the lease. Other income and recharges are recognised in the period in which the services have been provided..°

Property lease income is recognised in the period to which it relates and other services income is recognised over the period the services are provided.

1.3 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.4 Contract debtor

Amounts recoverable on long term contracts represent project development costs incurred in fulfilling the PFI contract. Costs include all construction costs incurred in the building of the project and attributable overheads, finance costs and interest. Costs including certain professional fees and bank arrangement fees are included within amounts recoverable on long term contracts once the company is virtually certain of being awarded the relevant contract.

1.5 Amortisation of contract debtors

Amounts recoverable on long term contracts are amortised over the period of the contract in equal installments, discounted at a rate of 6.5% per annum.

1.6 Finance costs

Finance costs that are directly attributable to the construction of the project are capitalised as part of the project development costs, until the date of completion of the development.

2. Turnover

All turnover arose within the United Kingdom.

Education Solutions Speke Limited

Notes to the financial statements For the year ended 31 August 2016

3. Operating profit

The operating profit is stated after charging:

	2016 £	2015 £
Auditor's remuneration	20,000	20,000

During the year, no director received any emoluments (2015 - £Nil). It is not possible to apportion the remuneration of directors paid through other companies for their work for the company.

4. Interest receivable

	2016 £	2015 £
Imputed interest on finance debtor	1,017,098	1,072,077
Other interest receivable	6,870	10,668
	<u>1,023,968</u>	<u>1,082,745</u>

5. Interest payable

	2016 £	2015 £
On bank loans and overdrafts	967,092	1,024,973
On loans from group undertakings	101,799	106,069
Other interest payable	32,913	34,976
	<u>1,101,804</u>	<u>1,166,018</u>

6. Taxation

	2016 £	2015 £
Analysis of tax charge in the year		
Current tax		
UK corporation tax charge on profit for the year	44,582	21,558
Deferred tax (see note 10)		
Charge in the year	83	19,642
Tax on profit on ordinary activities	<u>44,665</u>	<u>41,200</u>

Factors that may affect future tax charges

There are no factors which could affect future tax losses.

Education Solutions Speke Limited

Notes to the financial statements For the year ended 31 August 2016

7. Debtors

	2016 £	2015 £
Due after more than one year		
Amounts recoverable on long term contracts	13,792,833	14,752,416
	<u>13,792,833</u>	<u>14,752,416</u>
Due within one year		
Trade debtors	385,006	386,471
Amounts owed by group undertakings	36,498	96,384
Other debtors	19,852	117,046
Amounts recoverable on long term contracts	954,020	895,244
Deferred tax asset (see note 10)	355	438
	<u>1,395,731</u>	<u>1,495,583</u>

Included within amounts recoverable on long term contracts before amortisation was interest of £1,107,041 (2015 - £1,107,041) and other finance costs of £453,246 (2015 - £453,246).

8. Creditors: Amounts falling due within one year

	2016 £	2015 £
Bank loans and overdrafts	1,091,207	1,009,095
Loan notes	13,586	12,403
Trade creditors	124,151	131,277
Amounts owed to group undertakings	56,086	51,201
Corporation tax	44,482	21,544
Other taxation and social security	133,080	49,579
Other creditors	151,026	164,152
	<u>1,613,618</u>	<u>1,439,251</u>

The bank loans of £1,091,207 (2015 - £1,009,095) are secured by a fixed and floating charge over the assets of the company.

The loan notes of £13,586 (2015 - £12,403) are unsecured subordinated debt.

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

	2016 £	2015 £
Bank loans	12,488,550	13,579,757
Loan notes	232,012	245,599
Amounts owed to group undertakings	957,796	1,013,881
Other creditors	599,803	659,934
	<u>14,278,161</u>	<u>15,499,171</u>

Education Solutions Speke Limited

Notes to the financial statements For the year ended 31 August 2016

9. Creditors: Amounts falling due after more than one year (continued)

Creditors include amounts not wholly repayable within 5 years as follows:

	2016 £	2015 £
Repayable by installments	<u>8,019,681</u>	<u>9,601,211</u>

The bank loans of £12,488,550 (2015 - £13,579,757) are secured by a fixed and floating charge over the assets of the company.

The loan notes of £232,012 (2015 - £245,599) are unsecured subordinated debt.

10. Deferred tax asset

	2016 £	2015 £
At beginning of year	438	20,080
Charged for year (P&L)	(83)	(19,642)
At end of year	<u>355</u>	<u>438</u>

The deferred tax asset is made up as follows:

	2016 £	2015 £
Short term timing differences	<u>355</u>	<u>438</u>

11. Provisions

	Maintenance provision £
At 1 September 2015	1,232,528
Additions	121,256
At 31 August 2016	<u>1,353,784</u>

Maintenance provision

The provision reflects the contractual obligation to carry out maintenance work on the learning centre. The provision is in line with the required accounting treatment per Financial Reporting Standard for Smaller Entities (effective January 2015). The costs are estimated to be £80,417 at 2004 prices each year and as such £80,417 indexed from 2004 is provided for each year. Interest accruing on the balance is also provided for in accordance with the contractual commitments of the company.

Education Solutions Speke Limited

Notes to the financial statements For the year ended 31 August 2016

12. Share capital

	2016 £	2015 £
Allotted, called up and fully paid		
805 'A' Ordinary shares of £1 each	805	805
195 'B' Ordinary shares of £1 each	195	195
	<hr/>	<hr/>
	1,000	1,000
	<hr/>	<hr/>

The 'A' Ordinary Shares and the 'B' Ordinary Shares rank pari passu in all respects as regards payment of income, voting rights and the return of capital on a winding up.

13. Reserves

	Share premium account £	Profit and loss account £
At 1 September 2015	261,135	(63,757)
Profit for the financial year	-	177,866
	<hr/>	<hr/>
At 31 August 2016	261,135	114,109
	<hr/>	<hr/>

14. Related party transactions

Included within debtors is a balance of £36,498 (2015 - £96,384) owed from Equity Solutions (Manchester) Limited, the immediate parent company. Creditors includes £1,013,882 (2015 - £1,065,082) owed to Equity Solutions (Manchester) Limited. The company have paid management charges of £192,000 (2015 - £192,000) to Equity Solutions (Manchester) Limited during the year. During the year interest of £101,609 (2015 - £106,069) was paid to Equity Solution (Manchester) Limited.

During the year purchases of £11,921 (2015 - £15,468) were made from Equity Solutions Property Services Limited, a subsidiary of Equity Solutions & Partners Limited. A balance of £nil (2015 - £3,576) was owing to Equity Solutions Property Services Limited at the year end.

During the year purchases of £15,000 (2015 - £15,000) were made from Medusa Management Services Limited, a partnership in which R I Hughes has an interest as a partner. A balance of £7,500 (2015 - £9,000) was owing to Medusa Management Services Limited at the year end.

During the year purchases of £15,000 (2015 - £15,000) were made from Currie Capital Limited, a partnership in which I Currie is a director. A balance of £nil (2015 - £7,500) was owing to Currie Capital Limited at the year end.

During the year purchases of £nil (2015 - £1,224) were made from Walker Technical Project Services Limited, a company in which A M Dwan was a director during the year. A balance of £nil (2015 - £Nil) was owing to Walker Technical Project Services Limited at the year end.

Education Solutions Speke Limited

Notes to the financial statements For the year ended 31 August 2016

15. Transactions with directors

Included within creditors is a total of £245,598 (2015 - £258,001) for outstanding loan notes owed to the directors of the company split in equal tranches. In relation to these loan notes, during the year interest of £24,613 (2015 - £25,694) was paid.

16. Ultimate parent undertaking and controlling party

The company is controlled by Equity Solutions (Manchester) Limited.

Equity Solutions (Manchester) Limited is ultimately controlled by Little Duty Limited, the ultimate parent company.