

Education Solutions Speke Limited

Directors' Report and Financial Statements

Year Ended

31 August 2021

Company Number 04173186

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Education Solutions Speke Limited

Company Information

Directors	A M Dwan I W Currie J Connolly
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 Manchester M3 3AT

Education Solutions Speke Limited

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Education Solutions Speke Limited

Directors' Report For the Year Ended 31 August 2021

The directors present their report and the audited financial statements for the year ended 31 August 2021.

Principal activity

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
I W Currie
J Connolly

Going concern

The Company currently has net assets of £598,855 (2020 – net liabilities of £377,416) as a result of accounting for the fair value of interest rate swap agreements, the majority of which do not crystallise as liabilities for a number of years. As such, the Company's forecasts and projections, taking account of the impact of swaps and reasonably possible changes in trading performance, show that it should be able to operate within the level of its current facilities and continue to meet forecast loan covenants. The Company has entered into long-term contracts with both its client and suppliers, and after a careful review of these contracts the Directors are confident that the Company can continue to operate as a going concern for the next twelve months. The Directors have committed to carrying out regular reviews of the Company's cash flows to monitor the ongoing situation. Due to the contractual nature of the SPV, cash flows are guaranteed with the only risk around going concern being the levels of service which are monitored closely through review of KPIs. The Directors have reviewed these tests and are satisfied with the results and consider the Company to be a going concern.

Disclosure 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 the director is aware, there is no relevant audit information of which the company's auditor is 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 auditor is aware of that information.

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

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

Education Solutions Speke Limited

Directors' Report (continued) For the Year Ended 31 August 2021

This report was approved by the board on *17 March 2022* and signed on its behalf.



J Connolly
For and on behalf of North Consulting Limited
Secretary

Education Solutions Speke Limited

Directors' Responsibilities Statement For the Year Ended 31 August 2021

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 to 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

Opinion on the 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 2021 and of its profit 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.

We have audited the financial statements of Education Solution Speke Limited ("the Company") for the year ended 31 August 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, and notes to the financial statements, 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).

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 Auditor's 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 are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' 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 Directors with respect to going concern are described in the relevant sections of this report.

Education Solutions Speke Limited

Independent Auditor's Report to the Members of Education Solutions Speke Limited (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the Director report and financial statements, other than the financial statements and our auditor's report thereon. 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.

Other Companies Act 2006 reporting

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

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

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 the Directors' 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 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 in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Responsibilities of directors

As explained more fully in the 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, and for such internal control as the Directors 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 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 Company or to cease operations, or have no realistic alternative but to do so.

Education Solutions Speke Limited

Independent Auditor's Report to the Members of Education Solutions Speke Limited (continued)

Auditor's 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 auditor's 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.

Extent to which the audit was capable of detecting irregularities, including fraud

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 and accumulated knowledge of the Company and the sector in which it operates we considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud and whether such actions or non-compliance might have a material effect on the financial statements. These included but were not limited to those that relate to the form and content of the financial statements, such as Company accounting policies, the financial reporting framework, the UK Companies Act 2006, relevant tax legislation and Health and safety. All team members were briefed to ensure they were aware of any relevant regulations in relation to their work.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting estimates as well as inappropriate revenue cut-off. Our audit procedures included, but were not limited to:

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Identifying and testing journal entries, with a focus on manual journals to revenue, unusual account combinations and journals indicating large or unusual transactions based on our understanding of the business;
- Testing a sample of revenue recognised either side of the period end to ensure revenue has been recognised in the correct period;
- Challenging assumptions, accounting estimates and judgements made by the Directors;
- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

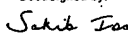
A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Education Solutions Speke Limited

Independent Auditor's Report to the Members of Education Solutions Speke 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 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.

DocuSigned by:

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Sakib Isa (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Manchester
United Kingdom
22 March 2022

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

Education Solutions Speke Limited

Statement of Comprehensive Income For the Year Ended 31 August 2021

	2021 £	2020 £
Turnover	2,341,957	2,526,444
Cost of sales	(1,394,439)	(1,521,683)
Gross profit	947,518	1,004,761
Administrative expenses	(450,200)	(450,342)
Operating profit	497,318	554,419
Interest receivable and similar income	647,605	684,285
Interest payable and similar charges	(662,021)	(754,441)
Profit before tax	482,902	484,263
Tax on profit	(74,584)	(75,098)
Profit for the financial year	408,318	409,165
Movement on cashflow hedge	567,953	375,940
Total comprehensive income for the year	976,271	785,105

The notes on pages 11 to 18 form part of these financial statements.

Education Solutions Speke Limited

Registered number:04173186

Statement of Financial Position As at 31 August 2021

	Note	2021 £	2021 £	2020 £	2020 £
Current assets					
Debtors: amounts falling due after more than one year	5	7,983,680		9,296,243	
Debtors: amounts falling due within one year	5	1,618,729		1,974,970	
Cash at bank and in hand		2,558,762		1,809,681	
		<u>12,161,171</u>		<u>13,080,894</u>	
Creditors: amounts falling due within one year	6	(2,638,719)		(2,337,855)	
Net current assets			9,522,452		10,743,039
Creditors: amounts falling due after more than one year	7		(7,602,856)		(9,937,558)
Provisions for liabilities					
Maintenance provision	8		(1,320,741)		(1,182,897)
Net assets/(liabilities)			598,855		(377,416)
Capital and reserves					
Called up share capital	9		1,000		1,000
Share premium account	10		261,135		261,135
Cashflow hedge reserve	10		(990,183)		(1,558,136)
Profit and loss account	10		1,326,903		918,585
Total equity			598,855		(377,416)

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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

17 March 2022



A M Dwan
Director

The notes on pages 11 to 18 form part of these financial statements.

Education Solutions Speke Limited

Statement of Changes in Equity For the Year Ended 31 August 2021

	Called up share capital	Share premium account	Cashflow hedge reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 September 2020	1,000	261,135	(1,558,136)	918,585	(377,416)
Comprehensive income for the year					
Profit for the year	-	-	-	408,318	408,318
Movement on cashflow hedge	-	-	567,953	-	567,953
Total comprehensive income for the year	-	-	567,953	408,318	976,271
At 31 August 2021	1,000	261,135	(990,183)	1,326,903	598,855

Statement of Changes in Equity For the Year Ended 31 August 2020

	Called up share capital	Share premium account	Cashflow hedge reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 September 2019	1,000	261,135	(1,934,076)	509,420	(1,162,521)
Comprehensive income for the year					
Profit for the year	-	-	-	409,165	409,165
Movement on cashflow hedge	-	-	375,940	-	375,940
Total comprehensive income for the year	-	-	375,940	409,165	785,105
At 31 August 2020	1,000	261,135	(1,558,136)	918,585	(377,416)

The notes on pages 11 to 18 form part of these financial statements.

Education Solutions Speke Limited

Notes to the Financial Statements For the Year Ended 31 August 2021

1. General information

Education Solutions Speke Limited is a private company limited by shares and incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activities are set out in the directors' report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with Section 1A of FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The presentational and functional currency of these financial statements is GBP. Values are rounded to the nearest pound.

The following principal accounting policies have been applied:

2.2 Turnover

The assets of the Company fall under Service Concession Arrangements by virtue of the fact that the public sector customer ("Grantor") passes both elements of the asset control test:

- i) The Grantor controls the use of the asset via the project agreement and all service level requirements contained therein;
- ii) The Grantor controls the entitlement to residual asset proceeds via an entitlement to purchase the asset prior to an offer to the open market which can be exercised at the Grantor's discretion.

Under section 34 of FRS102, such assets should be capitalised into a financial asset attributed to the provision of services.

Pursuant to section 23 of FRS102, revenue associated with the financial asset comprises service income related to facilities management, lifecycle maintenance and other administrative running costs of the Company.

Pass through income represents the direct pass through of recoverable costs, as specified in the Project Agreement.

Education Solutions Speke Limited

Notes to the Financial Statements For the Year Ended 31 August 2021

2. Accounting policies (continued)

2.3 Going concern

The Company currently has net assets of £598,855 (2020 – net liabilities of £377,416) as a result of accounting for the fair value of interest rate swap agreements, the majority of which do not crystallise as liabilities for a number of years. As such, the Company's forecasts and projections, taking account of the impact of swaps and reasonably possible changes in trading performance, show that it should be able to operate within the level of its current facilities and continue to meet forecast loan covenants. The Company has entered into long-term contracts with both its client and suppliers, and after a careful review of these contracts the Directors are confident that the Company can continue to operate as a going concern for the next twelve months. The Directors have committed to carrying out regular reviews of the Company's cash flows to monitor the ongoing situation. Due to the contractual nature of the SPV, cash flows are guaranteed with the only risk around going concern being the levels of service which are monitored closely through review of KPIs. The Directors have reviewed these tests and are satisfied with the results and consider the Company to be a going concern.

2.4 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. Other finance costs are charged to the statement of comprehensive income over the term of the debt.

2.5 Interest income

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

2.6 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.7 Taxation

Tax is recognised in profit or loss 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 in the countries where the company operates and generates income.

2.8 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.

2.9 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.

Education Solutions Speke Limited

Notes to the Financial Statements For the Year Ended 31 August 2021

2. Accounting policies (continued)

2.10 Financial instruments

The company enters into basic and non-basic financial instrument transactions. Basic financial instruments result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans to related parties. The company also has a derivative to hedge against the interest rate payable on its variable rate loans. This is a non-basic financial instrument.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.11 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.

2.12 Derivative instruments and hedge accounting

The company holds floating rate loans which expose the company to interest rate risk, to mitigate against this risk the group uses interest rate swaps. These instruments are measured at fair value at each reporting date. They are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

These interest swaps have been allocated against the company's loans as a hedging instrument. To the extent the hedge is effective movements in fair value adjustments, other than adjustments for own or counter party credit risk, are recognised in other comprehensive income and presented in a separate cash flow reserve. Any movements in fair value relating to ineffectiveness and adjustments for our own or counter party credit risk.

2.13 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.

Education Solutions Speke Limited

Notes to the Financial Statements For the Year Ended 31 August 2021

2. Accounting policies (continued)

2.14 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.

2.15 Maintenance provisions

Provisions are made in respect of life cycle maintenance to the extent that the company is obliged to undertake maintenance in future periods. 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.

Provisions are charged as an expense to the statement of comprehensive income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the statement of financial position.

2.16 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 cash flow 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 year.

The valuation method involves the use of suitable forward or discount curves into the market standard methodology to obtain the fair value of the instruments.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have had to make the following judgements:

- Amounts recoverable on long term contracts

The company reviews the value of the amounts recoverable on long term contracts at the end of each year to ensure that any relevant impairment is charged and these amounts are recoverable. The directors use future forecasts and the underlying financial model along with an appropriate discount rate to estimate the fair value of the receivable. Any relevant impairment is charged to the Statement of Comprehensive Income within the financial statements.

- Fair value of interest rate swaps

The fair value of interest rate swaps is determined by reference to mark to market valuations provided periodically by the senior lender.

4. Employees

The average monthly number of employees, including directors, during the year was 3 (2020 -3).

Education Solutions Speke Limited

Notes to the Financial Statements For the Year Ended 31 August 2021

5. Debtors

	2021 £	2020 £
Due after more than one year		
Amounts recoverable on long term contracts	7,983,680	9,296,243
	2021 £	2020 £
Due within one year		
Trade debtors	-	457,438
Amounts owed by group undertakings	163,034	162,971
Other debtors	17,165	280
Prepayments	125,971	123,061
Amounts recoverable on long term contracts	1,312,559	1,231,220
	1,618,729	1,974,970

Amounts owed by group undertakings are interest free and repayable on demand.

6. Creditors: amounts falling due within one year

	2021 £	2020 £
Bank loans	1,596,278	1,481,219
Loan notes	21,427	19,561
Trade creditors	453,331	267,021
Amounts owed to group undertakings	246,853	239,150
Corporation tax	74,600	75,114
Other taxation and social security	64,215	70,329
Other creditors	131,855	143,051
Accruals and deferred income	33,667	42,410
Advances from customers	16,493	-
	2,638,719	2,337,855

The bank loans of £1,596,278 (2020 - £1,481,219) are secured by a fixed and floating charge over the assets of the company.

The loan notes of £21,427 (2020 - £19,561) are unsecured subordinated debt.

Amounts owed to group undertakings are interest free and repayable on demand.

Education Solutions Speke Limited

Notes to the Financial Statements For the Year Ended 31 August 2021

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

	2021 £	2020 £
Bank loans	5,585,395	7,181,673
Loan notes	141,984	163,399
Amounts owed to group undertakings	586,142	674,547
Other creditors	299,152	359,803
Financial instruments	990,183	1,558,136
	<u>7,602,856</u>	<u>9,937,558</u>

The bank loans of £5,585,395 (2020 - £7,181,673) are secured by a fixed and floating charge over the assets of the company.

The loan notes of £141,984 (2020 - £163,399) are unsecured subordinated debt.

Other creditors includes an amount of £299,770 (2020: £359,770) related to deferred income of unitary charged received in 2007. This amortised on a straight line basis over 20 years.

Amounts owed to group undertaking relates to the unsecured subordinated debts which is repayable by August 2027 and carrying an interest rate of 9.54%.

8. Provisions

	Maintenance provision £
At 1 September 2020	1,182,897
Charged to profit or loss	137,844
At 31 August 2021	<u>1,320,741</u>

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 Section 1A of FRS 102. 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 2021

9. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
805 (2020 -805) 'A' ordinary shares of £1.00 each	805	805
195 (2020 -195) 'B' ordinary shares of £1.00 each	195	195
	<u>1,000</u>	<u>1,000</u>

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.

10. Reserves

The company's capital and reserves are as follows:

Called up share capital

Called up share capital represents the nominal value of the shares issued.

Share premium account

The share premium account includes the premium on issue of equity shares, net of any issue costs.

Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

Cashflow hedge reserve

The company has detailed its interest rate swap as a hedging instrument. To the extent that the hedge is considered effective, any movement in the fair value of this instrument is included in a cashflow hedge reserve in the financial statements.

Education Solutions Speke Limited

Notes to the Financial Statements For the Year Ended 31 August 2021

11. Related party transactions

During the year purchases of £15,652 (2020 - £15,296) were made from subsidiary companies of Equity Solutions Infrastructure Limited, a company in which A M Dwan is a director. A balance of £Nil (2019 - £Nil) was owing to subsidiary companies of Equity Solutions Infrastructure Limited at the year end.

During the year purchases of £15,000 (2020 - £15,000) were made from Currie Capital Limited, a company in which I Currie is a director and shareholder. A balance of £Nil (2020 - £Nil) was owing to Currie Capital Limited at the year end.

During the year purchases of £Nil (2020 - £5,773) were made from Blue Sky Design Services Limited, a company in which A M Dwan is a director and shareholder. A balance of £Nil (2020 - £Nil) was owing to Blue Sky Design Services Limited at the year end.

During the year purchases of £30,000 (2020 - £30,000) were made from Equity Solutions Asset Management Limited, a company in which A M Dwan is a director. A balance of £Nil (2020 - £Nil) was owing to Equity Solutions Asset Management Limited at the year end.

During the year the company paid purchases of £132,000 (2020 - £147,000) to its parent company Equity Solutions (Manchester) Limited. At the year end £832,995 (2020 - £913,696) was due to Equity Solutions (Manchester) Limited. Interest totalling £72,055 (2020 - £76,604) was paid on this balance.

Transactions with directors

Included within creditors is a total of £122,558 (2020 - £137,220) 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 £13,091 (2020 - £14,368) was paid.

12. 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.

The registered office of Little Duty Limited and Equity Solutions (Manchester) Limited is Building 1000 Kings Reach, Yew Street, Stockport, SK4 2HG.