

**FocusEducation (Lincolnshire) Limited**

**Directors' report and financial  
statements**

**Registered number 04236500**

**Year ended 31 December 2011**

TUESDAY



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## **Company information**

### **Non-Executive Directors**

M A Donn  
K W Gillespie  
B Millsom  
H Murphy (alternate to B Millsom and M Turnbull-Fox)  
G Neville (resigned 5 May 2011)  
M Turnbull-Fox

### **Registered Office**

3<sup>rd</sup> Floor, the Venus  
1 Old Park Lane  
Trafford  
Manchester  
M41 7HG

### **Registered Auditors**

KPMG Audit Plc  
St James' Square  
Manchester  
M2 6DS

### **Solicitors**

Dickinson Dees  
St Ann's Wharf  
112 Quayside  
Newcastle upon Tyne  
NE99 1SB

### **Bankers**

Bank of Scotland  
Client Banking England  
11 Earl Grey Street  
Edinburgh  
EH3 9BN

### **Company Secretary**

Ailison Mitchell LLB ACIS  
3rd Floor, The Venus  
1 Old Park lane  
Trafford M41 7HG

## **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 31 December 2011

### **Principal activities**

The principal activities of the company are to design, finance, construct and operate certain facilities and provide non educational services at a number of schools in Lincolnshire for the period until 31 August 2032 under a concession agreement with Lincolnshire County Council. The agreement to provide new schools and associated facilities management was signed on 27 September 2001 and a Deed of Variation relating to the agreement was signed on 13 August 2004.

### **Business review**

The results for the year are set out in the profit and loss account on page 8

### **Development and performance of the business**

The project has now completed its seventh year of operations since the construction phase was completed. Full operational services are now being provided and these are generally progressing well, with minimal performance deductions.

### **Principal risks and uncertainties**

The availability fee and the majority of the costs are contractually linked to the RPIx index. A relatively small proportion of total costs are not inflation-linked and a rise in these costs above the general rate of inflation would reduce debt service cover ratios. The most significant of these costs is insurance, though claims history so far is good and current premium renewals have not been excessive.

A small proportion of cash flow is derived from bank interest on cash balances. The reduction in credit interest rates is therefore a risk to the business and its compliance with debt covenants.

### **Key performance indicators**

The level of performance and availability deductions arising from failures to achieve specified levels of contract service is a key performance indicator. These are reported quarterly to the Board and have been small in relation to total unitary payments.

Another key indicator is the ratio of operating cash flow to the senior debt service amount. This ratio is tested at six-monthly intervals and each time it has been to the satisfaction of the senior debt provider.

### **Proposed dividend and transfer to reserves**

The company made no dividend payment in the year (2010 *£nil*). The loss for the year is £51,000 (2010 *£89,000 loss*).

### **Payments to creditors' policy**

It is Company policy that payments to suppliers are made in accordance with agreed terms. The average payment period to creditors amounted to 27 days (2010 *25 days*).

### **Directors and directors' interests**

The directors who held office during the year are set out on page 1.

### **Political and charitable contributions**

There were no donations of a political or charitable nature made during the year (2010 *£nil*).

### **Financial instruments**

The company's principal financial instruments comprise of a term loan and unsecured loan stock. The terms of these financial instruments are such that the profile of the debt service costs is tailored to match expected revenues arising from the concession.

## **Directors' report** *(continued)*

### **Financial instruments** (continued)

#### *Interest rate risk*

The term loan is exposed to interest rate risk

The company has entered into a fixed interest rate swap to avoid volatility on debt service costs on its floating rate debt

The unsecured loan stock is not exposed to interest rate risk

#### **Going concern**

The directors have reviewed the net liabilities position at 31 December 2011 and believe that it will not impact on the ability of the company to continue trading for the foreseeable future and have therefore prepared the accounts on a going concern basis

The company does not undertake financial instrument transactions which are speculative or unrelated to the company's trading activities

#### **Corporate Governance**

The Company is committed to high standards of corporate governance, as are appropriate for the longer term obligations to finance, construct and operate non-educational services for the new schools under the Private Finance Initiative programme

Corporate governance principles have been implemented within the framework established by agreement between the shareholding parties who have launched the company under a concession agreement with Lincolnshire County Council. The Board has taken note of the UK Corporate Governance Code, which applies to equity quoted plc's with certain reporting requirements, this company, not being an equity quoted plc, is not bound by the code's requirements but has voluntarily adopted those principles considered relevant.

This report is a narrative on the principles of the corporate governance, as applied in this company. It does not provide a detailed statement to identify those provisions of the Code from which the company's governance differs.

#### *A The Board*

- 1 The Board meets quarterly and reviews operating performance against the financial model and detailed management budgets. This model incorporates all aspects of the strategic business plan and associated risks, all proposals for contract variations are vetted before approval against the model.  
  
The Board reserves its own decision on all contractual expenditure and associated funding, and has established the provision of management, company secretary and accountancy services for the implementation of the project.
- 2 The position of Chairman is rotated on a quarterly basis and the nominated chair leads the Board.
- 3 The Board comprises 4 non-executive directors nominated by each participating shareholder (excluding alternate directors).
- 4 The Board receives quarterly information which encompasses all corporate, business, financial and relationship matters which are necessary and appropriate for the purposes of monitoring and progressing the complex contractual obligations for the school project.
- 5 Nominations for any changes to Board membership are subject to the shareholders' separate or collective decision.

## Directors' report *(continued)*

### Corporate Governance *(continued)*

- 6 For the particular interests of the shareholders in the continuity of the project, no directors retire by rotation

*B Remuneration*

No directors received remuneration directly from the company. The remuneration for the services of the non-executive directors is set out in note 4.

*C Dialogue with Institutions*

The Board maintains regular liaison with Bank of Scotland as the senior funder on this project.

*D Financial Reporting*

- 1 The Board, after seeking appropriate external advice, decides upon accounting policies which are appropriate for the Company and ensures that they are consistently applied.
- 2 The Board has instigated a rigorous process of internal control, under the discipline of contractual agreements, in order to safeguard the outcomes for the company in terms of operational performance, financial control, legal and regulatory compliance, provision for risk factors, and longer-term relationships.
- 3 The Board has decided to undertake the role of an Audit Committee. The Audit Committee meets annually to review the Management Letter tabled by the Auditors.
- 4 The Board continue to satisfy themselves that, given the contractual and long-term funding provisions, the Company will continue to trade as a going concern.
- E Internal Controls*
- 1 The Board annually reviews the need for a formal internal audit function.
- 2 The Board maintains a sound system of internal control to safeguard shareholders' investments and the company's assets.

### Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### Auditors

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

By order of the board  
23 April 2012



**Alison Mitchell LLB ACIS**  
*Secretary*

3rd Floor, The Venus  
1 Old Park Lane  
Trafford  
Manchester

## **Statement of directors' responsibilities in respect of the Directors' Report and the financial statements**

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



## **KPMG Audit Plc**

St James' Square  
Manchester  
M2 6DS  
United Kingdom

### **Independent auditors' report to the members of FocusEducation (Lincolnshire) Limited**

We have audited the financial statements of FocusEducation (Lincolnshire) Limited for the Year ended 31 December 2011 set out on pages 8 to 17. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 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.

#### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB'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 APB's web-site at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

#### **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 December 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

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



**Independent auditors' report to the members of FocusEducation (Lincolnshire) Limited** *(continued)*

**Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept, 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



**John Costello (Senior Statutory Auditor)**  
**for and on behalf of KPMG Audit Plc, Statutory Auditor**  
*Chartered Accountants*  
St James' Square  
Manchester  
M2 6DS

12/1/12

**Profit and loss account**  
*for the year ended 31 December 2011*

	<i>Note</i>	<b>2011 £000</b>	<b>2010 £000</b>
<b>Turnover</b>	<b>2</b>	<b>1,194</b>	<b>1,275</b>
<b>Net operating costs</b>	<b>3</b>	<b>(1,200)</b>	<b>(1,278)</b>
<b>Operating loss</b>		<b>(6)</b>	<b>(3)</b>
Interest payable and similar charges	6	(1,435)	(1,473)
Other interest receivable and similar income	7	1,358	1,362
<b>Loss on ordinary activities before taxation</b>		<b>(83)</b>	<b>(114)</b>
<b>Taxation</b>	<b>8</b>	<b>32</b>	<b>25</b>
<b>Retained loss for the year</b>	<b>16</b>	<b>(51)</b>	<b>(89)</b>

All amounts relate to continuing activities

The company has no recognised gains or losses other than the retained profit for the year and therefore no separate statement of total recognised gains and losses has been presented

There is no material difference between the result as disclosed in the Profit and Loss account and the result on an unmodified historical cost basis

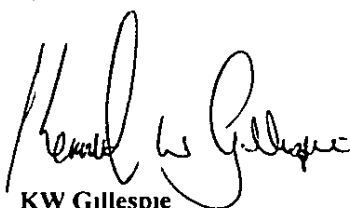
The notes on pages 11 to 17 form part of the financial statements

**Balance sheet**  
*at 31 December 2011*

	<i>Note</i>	<b>2011 £000</b>	<b>2010 £000</b>
<b>Current assets</b>			
Debtors amounts falling due within one year	<i>9-10</i>	<b>546</b>	<b>527</b>
amounts falling due after more than one year	<i>9-10</i>	<b>19,180</b>	<b>19,641</b>
		<hr/>	<hr/>
<b>Cash at bank and in hand</b>	<i>9</i>	<b>19,726</b>	<b>20,168</b>
		<b>2,698</b>	<b>2,633</b>
		<hr/>	<hr/>
		<b>22,424</b>	<b>22,801</b>
		<hr/>	<hr/>
<b>Creditors</b> amounts falling due within one year	<i>11</i>	<b>(2,166)</b>	<b>(1,869)</b>
		<hr/>	<hr/>
<b>Net current assets</b>		<b>20,258</b>	<b>20,932</b>
		<hr/>	<hr/>
<b>Creditors:</b> amounts falling due after more than one year	<i>12</i>	<b>(19,952)</b>	<b>(20,512)</b>
		<hr/>	<hr/>
<b>Provisions for liabilities and charges</b>	<i>14</i>	<b>(509)</b>	<b>(572)</b>
		<hr/>	<hr/>
<b>Net liabilities</b>		<b>(203)</b>	<b>(152)</b>
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	<i>15</i>	<b>20</b>	<b>20</b>
Profit and loss account	<i>16</i>	<b>(223)</b>	<b>(172)</b>
		<hr/>	<hr/>
<b>Shareholders' deficit</b>		<b>(203)</b>	<b>(152)</b>
		<hr/>	<hr/>

The notes on pages 11 to 17 form part of the financial statements

These financial statements were approved by the board of directors on 23 April 2012 and were signed on its behalf by

  
**KW Gillespie**  
 Director

**Reconciliation of movements in shareholders' funds**  
*for the year ended 31 December 2011*

	2011 £000	2010 £000
Loss for the financial year	(51)	(89)
Dividend	-	-
	<hr/>	<hr/>
Net reduction to shareholders' funds	(51)	(89)
Opening shareholders' deficit	(152)	(63)
	<hr/>	<hr/>
Closing shareholders' deficit	(203)	(152)
	<hr/>	<hr/>

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules

As 100% of the Company's voting rights are controlled within the group headed by Consolidated Investment Holdings Limited (formerly Catalyst Investment Holdings Limited), the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties) The consolidated financial statements of Consolidated Investment Holdings Limited (formerly Catalyst Investment Holdings Limited), within which this Company is included, can be obtained from the address given in note 17

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements

#### *Going concern*

The company currently has £20,778,000 of total debt (2010: £21,350,000) The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that it should be able to operate within the level of its current facilities

The company has considerable financial resources together with long-term contracts with the Local Education authority As a consequence, the directors believe that the company is well placed to manage its business risks successfully

The company is dependent on support from Focus Education Limited, its parent undertaking, for continued operation as a going concern The directors of Focus Education Limited have confirmed their intention to support the company for at least the next 12 months and the foreseeable future

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 annual report and accounts

#### *Turnover*

Turnover on operational services represents the value of work performed in the period under the concession agreement, together with any additional services provided

In the operational phase, the balance of unitary payments received, after accounting for the finance debtor interest and amortisation components (which together sum to a constant figure in each period, as in a lease) is accounted for as turnover This figure is adjusted in each period to ensure that income recognised more accurately reflects the value of economic benefits provided to the public sector client in each period, and is necessary due to the inflationary nature of the unitary payments As a consequence of this adjustment to turnover, which is generally positive in the first half of the concession and negative in the second half (and must net out over the whole concession), a unitary payment control account debtor is recorded on the balance sheet

## **Notes (continued)**

### **1 Accounting policies (continued)**

#### ***Stocks and work in progress / amounts recoverable under contracts***

Costs incurred in the construction of the schools have been accounted for under Financial Reporting Standard ('FRS') 5 Application Note F. Applying the guidance within the Application Note indicates that the project's principal agreements transfer substantially all the risks and rewards of ownership to Lincolnshire County Council. As such, all construction costs incurred on the project, including interest on finance up to the date of commission and incidental costs, are recorded as amounts recoverable under contracts during the construction phase of the project. Costs are recognised as cost of sales to the extent that they relate to the value of work done in respect of turnover recognised.

On the services commencement date, the amounts outstanding under the contract are transferred from amounts recoverable under contracts into a finance debtor.

#### ***Finance lease debtor***

Amounts receivable under the agreement with Lincolnshire County Council relating to the school facilities transferred are included under debtors and represent the total amount outstanding under the agreement less unearned interest. Interest receivable is recognised over the period of the contract based on the interest rate implicit in the contract.

#### ***Capitalisation of interest***

Loan interest incurred during the construction of the schools is capitalised into the finance debtor.

#### ***Amortisation of issue costs***

Issue costs are deducted against debt and amortised over the life of the instrument. This amortisation is charged to the profit and loss account when incurred.

#### ***Taxation***

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

#### ***Lifecycle costs***

Provisions are made in respect of lifecycle maintenance costs to the extent that the company is obligated to undertake maintenance in future periods.

#### ***Cash at bank and in hand***

Cash comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

#### ***Classification of financial instruments issued by the Company***

Following the adoption of FRS 25, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company, and
- b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability.

## Notes (continued)

### 1 Accounting policies (continued)

#### Classification of financial instruments issued by the Company (continued)

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds, are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

#### Interest bearing borrowings

Immediately after issue, debt is stated at the fair value of the consideration received on the issue of the capital instrument after deduction of issue costs. The finance cost of the debt is allocated to periods over the term of the debt at a constant rate on the carrying amount.

### 2 Analysis of turnover and loss on ordinary activities before taxation

	2011		2010	
	Turnover	Attributable loss	Turnover	Attributable loss
	£000	£000	£000	£000
Operational services	1,194	(83)	1,275	(114)

### 3 Net operating costs

	2011 £000	2010 £000
Service costs	693	772
Lifecycle maintenance charge	233	223
Materials, site and production costs	80	75
Other charges	186	197
	1,192	1,267
<i>Fees charged by auditors and their associates include</i>		
Audit of these financial statements	8	11
	1,200	1,278

### 4 Remuneration of directors

	2011 £000	2010 £000
Recharges in respect of directors' services	85	81

None of the directors received emoluments directly from the company or from the parent company (2010 none)

### 5 Staff numbers and costs

No staff are directly employed by the company (2010 none). Services provided by the contractors include the provision of staff and management to perform contractual responsibilities. Costs associated with the staff and management are included within the contractors' service charges.

**Notes (continued)**

**6 Interest payable and similar charges**

	2011 £000	2010 £000
Interest payable on bank loans	1,150	1,181
Amounts payable to group undertakings	262	268
Amortisation of issue costs	23	24
	<u>1,435</u>	<u>1,473</u>

**7 Other interest receivable and similar income**

	2011 £000	2010 £000
Bank interest receivable	37	14
Finance debtor interest receivable	1,321	1,348
	<u>1,358</u>	<u>1,362</u>

**8 Taxation**

	2011 £000	2010 £000
Analysis of charge in year		
<i>UK corporation tax</i>		
Current tax charge on income for the year	-	-
Adjustment in respect of prior years	32	25
	<u>32</u>	<u>25</u>

*Factors affecting the tax charge for the current year*

The current tax charge for the year is higher (2010 higher) than the standard rate of corporation tax in the UK 26% (2010 28%). The differences are explained below

	2011 £000	2010 £000
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(83)	(114)
	<u>(22)</u>	<u>(32)</u>
Current tax at 26.5% (2010 28%)		
<i>Effects of</i>		
Unutilised tax losses	22	32
Group loss relief	32	25
	<u>32</u>	<u>25</u>
Total current tax charge (see above)	<u>32</u>	<u>25</u>

No deferred tax asset has been recognised due to the uncertainty of future profits. There are tax losses of £83,000 available for offset against future trading profits (2010 £114,000)



## Notes (continued)

### 8 Taxation (continued)

The 2012 Budget on 21 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014. A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and a further reduction to 24% (effective from 1 April 2012) was substantively enacted on 26 March 2012.

This will reduce the company's future current tax charge accordingly.

It has not yet been possible to quantify the full anticipated effect of the announced further 2% rate reduction, although this will further reduce the company's future current tax charge.

### 9 Debtors

	2011 £000	2010 £000
Finance debtor	19,641	20,073
Trade debtors	26	56
Other debtors	59	39
	<u>19,726</u>	<u>20,168</u>

### 10 Debtors: amounts falling due after more than one year

	2011 £000	2010 £000
Finance Debtor	<u>19,180</u>	<u>19,641</u>
	2011 £000	2010 £000
Amounts due within 1 year	546	527
1-2 years	493	461
2-5 years	1,689	1,581
Over 5 years	16,998	17,599
	<u>19,726</u>	<u>20,168</u>
Less amounts due within 1 year	(546)	(527)
Amounts falling due after more than one year	<u>19,180</u>	<u>19,641</u>

The movement in the finance debtor balance can be considered as follows

	2011 £000	2010 £000
Opening debtor	20,073	20,478
Capital element of payments received in year	(432)	(405)
<b>Total finance debtor</b>	<u>19,641</u>	<u>20,073</u>

## Notes (continued)

### 11 Creditors: amounts falling due within one year

	2011 £000	2010 £000
Amounts owed to group undertakings	118	143
Trade creditors	52	77
Other taxes and social security	131	117
Accruals and deferred income	199	159
Senior loan	555	521
Other creditors	1,111	852
	<u>2,166</u>	<u>1,869</u>

### 12 Creditors: amounts falling due after more than one year

	2011 £000	2010 £000
Senior loan	17,623	18,156
Amounts owed to group undertakings	2,329	2,356
	<u>19,952</u>	<u>20,512</u>

### 13 Analysis of debt

	2011 £000	2010 £000
Debt can be analysed as falling due		
In one year or less, or on demand	586	575
Between one and two years	626	586
Between two and five years	2,144	2,008
In five years or more	17,422	18,181
	<u>20,778</u>	<u>21,350</u>
Less: issue costs	(240)	(263)
	<u>20,538</u>	<u>21,087</u>

The company has a term loan facility of £21,830,000 due for expiry 28 February 2030 secured by a fixed and floating charge over the assets of the group. This facility is split into two tranches – Tranche A (£18,730,000) and Tranche B (£3,100,000) repayable 28 February 2030. For Tranche A, until 31 August 2003, the rate paid was LIBOR plus a 1.1% margin. This margin changed to 0.75% for the following 5 years, 0.85% for 10 years and 0.95% thereafter. For Tranche B the rate paid was LIBOR plus a 1.0% margin until the date of completion of the Sincil (formerly South Park) variation and 0.9% thereafter. The company has entered into swap transactions resulting in interest being charged on this loan at a fixed rate of 5.52% (Tranche B 5.36%).

The amounts due to the parent company are in respect of unsecured loan notes in FocusEducation (Lincolnshire) Holdings Limited which have been issued in respect of the project. The loan notes are redeemable by 31 August 2032 and bear interest at 11%.

## Notes (continued)

### 14 Provisions for liabilities and charges

	Lifecycle maintenance £000
At beginning of year	572
Charge to the profit and loss for the year	233
Utilised during the year	(296)
At end of year	<u>509</u>

### 15 Called up share capital

	2011 £000	2010 £000
<i>Allotted, called up and fully paid</i>		
Equity 20,000 ordinary shares of £1 each	<u>20</u>	<u>20</u>

### 16 Reserves

	Profit and loss account 2011 £000
At beginning of year	(172)
Loss for the financial year	(51)
At end of year	<u>(223)</u>

### 17 Ultimate holding company

The Company is a subsidiary undertaking of Consolidated Investment Holdings Limited (formerly Catalyst Investment Holdings Limited) which is the ultimate parent company incorporated in England and Wales

The largest group in which the results of the Company are consolidated is that headed by Consolidated Investment Holdings Limited incorporated in England and Wales. No other group financial statements include the results of the Company. The consolidated financial statements of this group are available to the public and may be obtained from 3<sup>rd</sup> Floor, The Venus, 1 Old Park Lane, Trafford, Manchester, M41 7HG