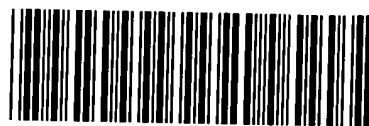


Company Registration No. 4420816 (England and Wales)

EDUCATION SUPPORT (NEWHAM) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

THURSDAY



LD4 *L58ABWKI* #61
02/06/2016
COMPANIES HOUSE

EDUCATION SUPPORT (NEWHAM) LIMITED

COMPANY INFORMATION

Directors	J Sutcliffe M Edwards	(Appointed 22 July 2015) (Appointed 27 January 2016)
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Secretary	T Hedges
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Company number	4420816
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Registered office	1 Kingsway London United Kingdom WC2B 6AN
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Auditor	Deloitte LLP Chartered Accountants and Statutory Auditor London United Kingdom
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Bankers	Commerzbank AG London Branch PO Box 52715 30 Gresham Street London EC2P 2XY
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EDUCATION SUPPORT (NEWHAM) LIMITED

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EDUCATION SUPPORT (NEWHAM) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their annual report and financial statements for the year ended 31 December 2015.

The Director's report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

Principal activities

The principal activity of the Company is the design, build and operation of a school for a Local Authority under a Private Finance Initiative agreement.

Financial close was achieved on 24 September 2003. The concession period is 26 years. The completion certificate for the initial construction work was received on 24 August 2005.

The construction of the school was completed in August 2005, and the school is now operational. The Company will operate the school until the end of the concession on 31 August 2029.

There have not been any significant changes in the Company's principal activities in year under review.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

C Sheppard	(Resigned 27 January 2016)
J Sutcliffe	(Appointed 22 July 2015)
J Linney	(Resigned 22 July 2015)
M Edwards	(Appointed 27 January 2016)

Results and dividends

The results for the year are set out on page 6.

Ordinary dividends were paid amounting to £201,000. The directors do not recommend payment of a final dividend.

Directors' insurance

The Company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Financial instruments

Liquidity risk

The Company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the Company has sufficient liquid resources to meet the operating needs of the business. At the start of the PFI contract, the Company negotiated debt facilities with an external party to ensure that the Company has sufficient funds over the life of the PFI concession.

Interest rate risk

The Company's borrowings expose it to cash flow risk primarily due to the financial risks of changes in interest rates. The Company uses interest rate derivatives to manage the risk and reduce its exposure to changes in interest rates.

Credit risk

The Company's principal financial assets are cash, financial assets and trade and other receivables. The Company's credit risk is primarily attributable to its trade receivables which are with one counterparty, although in the opinion of the board of directors this risk is limited as the receivables are with a local government authority.

EDUCATION SUPPORT (NEWHAM) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

Future developments

The Directors are not aware, at the date of this report, of any major changes in the Company's activities in the next year.

Auditor

The auditor, Deloitte LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

Each of the directors in office at the date of approval of this annual report confirms 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 he / she ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

On behalf of the board



M Edwards

Director

29 April 2016

EDUCATION SUPPORT (NEWHAM) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2015

The directors are responsible for preparing the Annual 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. 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;
- 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 SUPPORT (NEWHAM) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF EDUCATION SUPPORT (NEWHAM) LIMITED

We have audited the financial statements of Education Support (Newham) Limited for the year ended 31 December 2015 which comprise the Statement of Total Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is 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".

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 auditor

As explained more fully in the Directors' Responsibilities Statement, 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2015 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.

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.

EDUCATION SUPPORT (NEWHAM) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF EDUCATION SUPPORT (NEWHAM) 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 take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the Directors' report.

.....

Jacqueline Holden FCA (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

London

United Kingdom

29 April 2016

EDUCATION SUPPORT (NEWHAM) LIMITED

STATEMENT OF TOTAL COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 £'000	2014 £'000
Turnover	3	1,768	2,797
Cost of sales		(1,610)	(2,679)
Gross profit		<u>158</u>	<u>118</u>
Interest receivable and similar income	7	1,205	1,257
Interest payable and similar charges	8	(1,080)	(1,147)
Profit on ordinary activities before taxation		<u>283</u>	<u>228</u>
Taxation	9	(57)	(49)
Profit for the financial year		<u>226</u>	<u>179</u>
Other comprehensive income/(loss)			
Cash flow hedge gains/(losses) arising in the year	14	594	(821)
Tax relating to other comprehensive income/(loss)	15	(175)	164
Total comprehensive income/(loss) for the year		<u><u>645</u></u>	<u><u>(478)</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

EDUCATION SUPPORT (NEWHAM) LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2015

	Notes	2015 £'000	2014 £'000	2014 £'000
Current assets				
Debtors falling due after one year	11	19,352	20,520	
Debtors falling due within one year	11	1,324	2,169	
Cash at bank and in hand		1,887	944	
		<u>22,563</u>	<u>23,633</u>	
Creditors: amounts falling due within one year	13	<u>(7,078)</u>	<u>(6,932)</u>	
Net current assets			15,485	16,701
Creditors: amounts falling due after more than one year	14		(17,705)	(19,365)
Net liabilities			<u>(2,220)</u>	<u>(2,664)</u>
Capital and reserves				
Called up share capital	16		1	1
Hedging reserve	16		(2,310)	(2,729)
Profit and loss reserves	16		89	64
Total equity			<u>(2,220)</u>	<u>(2,664)</u>

The financial statements were approved by the board of directors and authorised for issue on 29 April 2016 and are signed on its behalf by:



M Edwards
Director

Company Registration No. 4420816

EDUCATION SUPPORT (NEWHAM) LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	Share capital £'000	Hedging reserve £'000	Profit and loss reserves £'000	Total £'000
Balance at 31 December 2013 as previously stated		1	-	93	94
Effect of transition to FRS 102	19	-	(2,072)	-	(2,072)
Balance at 1 January 2014 as restated		1	(2,072)	93	(1,978)
Period ended 31 December 2014:					
Profit for the year		-	-	179	179
Other comprehensive loss:					
Cash flow hedge losses arising in the year		-	(821)	-	(821)
Tax relating to other comprehensive loss		-	164	-	164
Total comprehensive loss for the year		-	(657)	179	(478)
Dividends	10	-	-	(208)	(208)
Balance at 31 December 2014		1	(2,729)	64	(2,664)
Period ended 31 December 2015:					
Profit for the year		-	-	226	226
Other comprehensive income:					
Cash flow hedge gains arising in the year		-	594	-	594
Tax relating to other comprehensive income		-	(175)	-	(175)
Total comprehensive income for the year		-	419	226	645
Dividends	10	-	-	(201)	(201)
Balance at 31 December 2015		1	(2,310)	89	(2,220)

EDUCATION SUPPORT (NEWHAM) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

Company information

Education Support (Newham) Limited is a limited company domiciled and incorporated in England and Wales. The registered office is 1 Kingsway, London, United Kingdom, WC2B 6AN.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared on the historical cost convention, modified to include certain financial instruments at fair value, and in accordance with FRS 102. The principal accounting policies adopted are set out below.

These financial statements for the year ended 31 December 2015 are the first financial statements of Education Support (Newham) Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 January 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 19.

The Company is consolidated within the group accounts of Education Support (Newham) Holdings Limited. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the Cash Flow Statement and related notes.

The Company is also considered to be a qualifying entity for the disclosure exemptions relating to the requirements of Section 11 Paragraphs 11.39 to 11.48A as the equivalent disclosures required by this FRS are included in the consolidated financial statements of the group in which the Company is consolidated.

1.2 Going concern

The Company is in a net liabilities position as at 31 December 2015 due to the fair value of the interest rate swaps. The Directors have reviewed the Company's forecasts and projections, taking into account future cash requirements and forecast receipts, which show that the Company can continue to meet its debts as they fall due.

The directors therefore, at the time of approving the financial statements, have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Income received in respect of the service concession is allocated between revenue and capital repayment of, and interest income on, the PFI financial asset using the effective interest rate method. Service revenue is recognised as a margin on non-pass-through operating and maintenance costs.

EDUCATION SUPPORT (NEWHAM) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

(Continued)

1.4 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.5 Financial assets

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Loans and receivables

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

EDUCATION SUPPORT (NEWHAM) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

(Continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Service Concession

The Company is a special purpose entity that has been established to provide services under certain private finance agreements with the London Borough of Newham (the Authority). Under the terms of these Agreements, the Authority (as grantor) controls the services to be provided by the Company over the contract term. Based on the contractual arrangements the Company has classified the project as a service concession arrangement, and has accounted for the principal assets of, and income streams from, the project in accordance with FRS 102, Section 34.12 Service Concession Arrangements.

The Company has chosen to adopt the transitional arrangements available within FRS 102, Section 35.10 (i) and as such the service concession arrangement has continued to be accounted for using the same accounting policies being applied at the date of transition to FRS 102 (1 January 2014). The nature of the asset has therefore not changed; however, there has been a change in the description from Finance Debtor to Financial Asset.

Under the terms of the arrangement, the Company has the right to receive a baseline contractual payment stream for the provision of the services from or at the direction of the grantor (the Authority), and as such the asset is accounted for as a financial asset. The financial asset has initially been recognised at the fair value of the consideration received, based on the fair value of the construction (or upgrade) services, plus any directly attributable transaction costs, provided in line with FRS 102.

1.6 Financial liabilities

Basic financial liabilities are initially measured at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Other financial liabilities classified as fair value through profit or loss are measured at fair value.

Other financial liabilities

Other financial liabilities, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

1.7 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

EDUCATION SUPPORT (NEWHAM) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

(Continued)

1.8 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

The Company does not hold or issue derivative financial instruments for speculative purposes.

Hedge accounting

The Company designates certain hedging instruments, including derivatives, embedded derivatives and non-derivatives, as either fair value hedges or cash flow hedges.

At the inception of the hedge relationship, the company documents the relationship between the hedging instrument and the hedged item along with risk management objectives and strategy for undertaking various hedge transactions. At the inception of the hedge and on an ongoing basis, the company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income.

The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line in this item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in the profit or loss in the same line as of the income statement as the recognised hedged item. However when the forecast transaction that is hedged results in the recognition of a non-financial asset or liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability concerned.

1.9 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

EDUCATION SUPPORT (NEWHAM) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Critical judgements

Hedge accounting

The directors consider the Company to have met the criteria for hedge accounting; the Company has therefore recognised fair value movements on derivatives in effective hedging relationships through other comprehensive income as well as the deferred tax thereon.

EDUCATION SUPPORT (NEWHAM) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

2 Critical accounting judgements and key sources of estimation uncertainty (Continued)

Key sources of estimation uncertainty

Valuation of derivative financial instruments

The directors use their judgement in selecting a suitable valuation technique for derivative financial instruments. All derivative financial instruments are valued at the mark to market valuation provided by the derivative counterparty. In these cases, the Company uses valuation techniques to assess the reasonableness of the valuation provided by the derivative counterparty. These techniques use a discounted cash flow analysis based on market observable inputs derived from similar instruments in similar and active markets. The fair value of derivative financial instruments at the balance sheet date was £3,038,000. The directors do not consider the impact of own credit risk to be material.

Service concession arrangement

As disclosed in Note 1, the Company accounts for the project as a service concession arrangement. The directors use their judgement in selecting the appropriate financial asset rate to be applied in order to allocate the income received between revenue, and capital repayment of and interest income on the financial asset; and also the service margin that is used to recognise service revenue. The directors have also used their judgement in assessing the appropriateness of the future maintenance costs that are included in the Company's forecasts. The directors will continue to monitor the condition of the assets and undertake a regular review of maintenance spend.

3 Turnover

An analysis of the Company's turnover is as follows:

	2015 £'000	2014 £'000
Turnover		
Service fee income	1,729	1,549
Passthrough income	11	1,248
Variation income	28	-
	<u>1,768</u>	<u>2,797</u>

Other significant revenue

Interest income	<u>1,205</u>	<u>1,257</u>
-----------------	--------------	--------------

Turnover analysed by geographical market

	2015 £'000	2014 £'000
United Kingdom	<u>1,768</u>	<u>2,797</u>

EDUCATION SUPPORT (NEWHAM) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

4	Operating profit	2015	2014
		£'000	£'000

Operating profit for the year is stated after charging/(crediting):

Fees payable to the Company's auditors for the audit of the Company and the Company's parent company

16	14
----	----

5 Employees

The Company had no employees during the current or prior year.

6 Directors' remuneration

No directors received any remuneration for services to the Company during the current or prior year. The Company is managed by secondees from the shareholders under a management services contract.

7	Interest receivable and similar income	2015	2014
		£'000	£'000

Interest income

Interest on bank deposits

4	3
---	---

Other interest income

1,201	1,254
-------	-------

Total income

1,205	1,257
-------	-------

8 Interest payable and similar charges

2015	2014
£'000	£'000

Interest on bank overdrafts and loans

949	1,016
-----	-------

Interest payable to group undertakings

131	131
-----	-----

Total interest expense

1,080	1,147
-------	-------

9 Taxation

2015	2014
£'000	£'000

Current tax

UK corporation tax on profits for the current period

57	49
----	----

Total current tax

57	49
----	----

Total tax charge

57	49
----	----

For the year ended 31 December 2015, the blended UK rate of 20.25% is applied due to the change in the UK corporation tax rate from 21% to 20% with effect from 1 April 2015.

In the Summer Finance Bill 2015, which was substantively enacted on 26 October 2015, it was announced that the main rate of corporation tax for UK companies would reduce to 19% from 1 April 2017, and then reduce further to 18% from 1 April 2020. The reduced rate of 18% has therefore been reflected in the calculation of deferred tax at the balance sheet date.

EDUCATION SUPPORT (NEWHAM) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

9 Taxation

(Continued)

The difference between the total tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2015 £'000	2014 £'000
Profit before taxation	283	228
Expected tax charge based on a corporation tax rate of 20.25%	57	49
Tax expense for the year	57	49

In addition to the amount charged to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2015 £'000	2014 £'000
Deferred tax arising on:		
Deferred tax on interest rate swap fair value	107	(164)
Effect of change in tax rate on opening liability	68	-
Total tax recognised in other comprehensive income	175	(164)

10 Dividends

	2015 £'000	2014 £'000
Final paid	-	-
Interim paid	201	208
	201	208

EDUCATION SUPPORT (NEWHAM) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

11 Debtors

		2015 £'000	2014 £'000
Amounts falling due within one year:			
	Notes		
Trade debtors		2	211
Financial asset		993	938
Other financial assets		-	677
Prepayments and accrued income		329	343
		<u>1,324</u>	<u>2,169</u>
Amounts falling due after one year:			
Financial asset		18,845	19,838
Deferred tax asset	15	507	682
		<u>19,352</u>	<u>20,520</u>
Total debtors		<u>20,676</u>	<u>22,689</u>

Other financial assets include amounts held within deposit accounts with a maturity of not less than 3 months from the initial deposit.

12 Loans and overdrafts

	2015 £'000	2014 £'000
Bank loans	14,629	15,679
Loans from parent undertaking	1,089	1,089
	<u>15,718</u>	<u>16,768</u>
Payable within one year	1,051	1,050
Payable after one year	14,667	15,718
	<u>15,718</u>	<u>16,768</u>
Amounts included above which fall due after five years:		
Payable by instalments	10,093	11,277
Payable other than by instalments	1,089	1,089
	<u>11,182</u>	<u>12,366</u>

The loans are secured by a fixed and floating charge over all the assets of the Company and a charge over the shares of the Company.

EDUCATION SUPPORT (NEWHAM) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

12 Loans and overdrafts

(Continued)

Bank Loans

The Company has bank loans provided by Commerzbank which were used to finance the construction of the project. The loans are repayable in instalments based on an agreed percentage amount of the total facilities per annum through to 2028.

Interest on the facility is charged at rates linked to LIBOR. The Company has entered into fixed interest rate swaps to mitigate its interest exposure. (See note 14).

Subordinated Loans

Loans from parent undertaking comprise loans of £1,089,000 (2014: £1,089,000). The loans are subject to interest rates at an agreed arms length rate of 12% per annum and repayable by 2029 in line with agreed repayment schedules.

13 Creditors: amounts falling due within one year

	Notes	2015 £'000	2014 £'000
Loans and overdrafts	12	1,051	1,050
Corporation tax payable		23	41
Other taxation and social security		123	29
Trade creditors		24	147
Amount due to parent undertaking		43	44
Other creditors		5,570	5,482
Accruals and deferred income		244	139
		<u>7,078</u>	<u>6,932</u>

EDUCATION SUPPORT (NEWHAM) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

14 Creditors: amounts falling due after more than one year

	Notes	2015 £'000	2014 £'000
Loans and overdrafts	12	14,667	15,718
Derivative financial instruments		3,038	4,122
		<u>17,705</u>	<u>19,840</u>

Derivative Financial Instruments

The swaps have a fixed interest rate of 5.12% and expire in 2028. The interest rate swaps settle on a semi-annual basis. The floating rate on the interest rate swaps is six months' Libor. The Company will settle the difference between the fixed and floating interest rate on a net basis.

All interest rate swap contracts are designated as hedges of variable interest rate risk of the Company's floating rate borrowings. The hedged cash flows are expected to occur and to affect profit or loss over the period to maturity of the interest rate swaps.

The fair value of the derivative financial instrument above comprise the fair value of the interest rate swap designated in an effective hedging relationship. The change in fair value of the interest rate swap that was recognised in other comprehensive income in the period was a gain of £594,000 (2014: a loss of £821,000).

15 Deferred taxation

Deferred tax assets and liabilities are offset where the Company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Assets 2015 £'000	Assets 2014 £'000
Balances:		
Deferred tax on interest rate swap fair value	<u>507</u>	<u>682</u>
Movements in the year:		2015 £'000
(Asset) at 1 January 2015		(682)
Charge to other comprehensive income		107
Effect of change in tax rate - other comprehensive income		68
(Asset) at 31 December 2015		<u>(507)</u>

The deferred tax asset in relation to the interest rate swap liability is expected to affect profit or loss over the period to maturity of the interest rate swap.

EDUCATION SUPPORT (NEWHAM) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

16 Share capital and other reserves

	2015 £'000	2014 £'000
Ordinary share capital		
Alloted, called up to 2p each and fully paid:		
- 50,000 ordinary shares of £1 each	1	1

When the Company was incorporated 50,000 shares valued at £1 were issued. As at the Balance Sheet date, only 2 pence per share has been paid. The other 98 pence per share may be called upon in the future at the Company's request.

Other Reserves

The Company's other reserves are as follows:

The profit and loss reserve represents cumulative profits or losses.

The hedging reserve represents the cumulative portion of gains and losses on hedging instruments deemed effective in hedging variable interest rate risk of recognised financial instruments. Amounts accumulated in this reserve are reclassified to profit or loss in the periods in which the hedged item affects profit or loss or when the hedging relationship ends.

17 Related party transactions

No guarantees have been given or received.

As a wholly owned subsidiary of John Laing Infrastructure Fund Limited, the Company has taken advantage of the exemption under FRS 102 Section 33 not to provide information on related party transactions with other undertakings in the John Laing Infrastructure Fund Limited Group. A copy of the published financial statements of John Laing Infrastructure Fund Limited can be obtained from the company's website: www.jlif.com.

18 Controlling party

The Company's immediate parent company is Education Support (Newham) Holdings Limited, a company incorporated in Great Britain and registered in England and Wales. The smallest and largest group in which its results are consolidated is Education Support (Newham) Holdings Limited. Copies of the consolidated accounts are available from Companies House.

The Company's ultimate parent company is John Laing Infrastructure Fund Limited.

EDUCATION SUPPORT (NEWHAM) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

19 Reconciliations on adoption of FRS 102

Reconciliation of equity

		At 1 Jan 2014	At 31 Dec 2014
	Notes	£'000	£'000
Equity as reported under previous UK GAAP		94	64
Interest rate swap fair value	19.1	(2,590)	(3,411)
Deffered tax on interest rate swap	19.2	518	682
Equity reported under FRS 102		<u>(1,978)</u>	<u>(2,664)</u>

Reconciliation of profit or loss

	Notes	2014 £'000
Profit or loss as reported under previous UK GAAP		179
Interest rate swap fair value	19.1	-
Deffered tax on interest rate swap	19.2	-
Profit or loss reported under FRS 102		<u>179</u>

Notes to reconciliations on adoption of FRS 102

This is the first year that the Company has presented its financial statements under FRS 102. The last financial statements under previous UK GAAP were for the year ended 31 December 2014 and therefore the prior year comparatives in these financial statements have been restated from the date of transition to FRS 102 on 1 January 2014. As a consequence of adopting FRS 102, a number of accounting policies have changed to comply with that standard, the most notable being the adoption of FRS 102 section 11 (Basic Financial Instruments) and section 12 (Other financial instruments) which has resulted in the recognition and additional disclosures of derivative financial instruments held by the Company as well as the deferred tax impact. Listed below are the notes to the reconciliation of equity at 1 January 2014 and 31 December 2014.

Note 19.1 - Fair value of interest rate swap

Under previous UK GAAP the fair value of the interest rate swap was disclosed in the notes to the financial statements. Under FRS 102 the Company is required to recognise the fair value of derivative financial instruments on the balance sheet. In the table above recognition of the fair value of the interest rate swap reflects a liability on the balance sheet at 1 January 2014 and 31 December 2014. The Company has met the criteria for hedge accounting and therefore the fair value movement in 2014 on the interest rate swap, which is in an effective hedging relationship, is recognised through the hedging reserve.

EDUCATION SUPPORT (NEWHAM) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

19 Reconciliations on adoption of FRS 102

(Continued)

Note 19.2 - Deferred tax

Under previous UK GAAP there was no requirement to recognise or disclose deferred tax relating to financial instruments. As stated in Note 19.1 the fair value of financial instruments were just disclosed in a note to the financial statements. Under FRS 102, the Company is required to recognise deferred tax on all fair value movements. Consequently, a deferred tax asset arises on recognition of the fair value of the interest rate swap on 1 January 2014 and at 31 December 2014. The deferred tax on the fair value movement in 2014 is recognised through the hedging reserve.