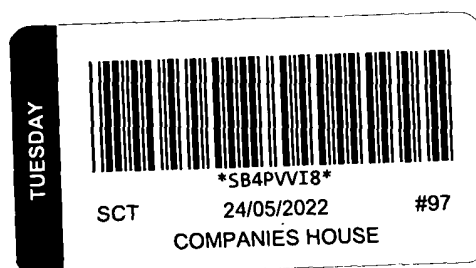


Company Registration No. 04420816 (England and Wales)

**EDUCATION SUPPORT (NEWHAM) LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**



# EDUCATION SUPPORT (NEWHAM) LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	S Gordon K A Cunningham I D Lamerton
<b>Secretary</b>	Vercity Management Services Limited
<b>Company number</b>	04420816
<b>Registered office</b>	8 White Oak Square London Road Swanley Kent BR8 7AG
<b>Auditor</b>	Johnston Carmichael LLP Bishops Court 29 Albyn Place Aberdeen AB101YL
<b>Banker</b>	Commerzbank AG London Branch PO Box 52715 London EC2P 2XY

# EDUCATION SUPPORT (NEWHAM) LIMITED

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# EDUCATION SUPPORT (NEWHAM) LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2021

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The Directors present their annual report and audited financial statements for the year ended 31 December 2021.

#### Principal activities

The principal activity of the Company is the design, build and operation of a school for the London Borough of Newham (the Authority) under a Private Finance Initiative (PFI) 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.

#### Results and dividends

The results for the year are set out on page 7.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

#### Directors

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

C R Field	(Resigned 7 January 2022)
S Gordon	
K A Cunningham	
I D Lamerton	(Appointed 25 January 2022)

#### Going concern

The Directors 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 in preparing the annual financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies in the notes to the financial statements.

#### Coronavirus (Covid-19)

The risks posed by the current Covid-19 pandemic include the risk of the service provider falling behind on fulfilling their contractual requirements due to staff sickness resulting in a high level in deductions and the risk of service provider failure. The risk of increased deductions is primarily mitigated through performance risk under the Project Agreement and related contracts being substantially passed onto service providers. Furthermore, the level of deductions during 2021 has remained low and there is no indication that this will change in the foreseeable future. In respect of the risk of service provider failure, the likelihood of this risk is assessed through the review of service provider financial statements and through discussions with the service provider. The Company mitigates the risk through a Business Continuity Plan which details how the Company would deal with service provider failure. This includes both short term contingency plans and longer term replacement provider plans to ensure the Company's continuity of service. The short-term contingency plans include directly employing staff and sub-contractors. The longer-term plans include appointing a new service provider through undertaking a competitive tender process.

#### Qualifying third party indemnity provisions

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.

# EDUCATION SUPPORT (NEWHAM) LIMITED

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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### Financial risk management objectives and policies

#### *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 swaps 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.

#### *Lifecycle risk*

Lifecycle expenditure is the main risk to the business. The risk being that the allowance for lifecycle costs factored into the financial model is insufficient to cover future lifecycle expenditure, thus resulting in lower profitability and reduced distributions. This is mitigated by regular lifecycle reviews undertaken by the management services provider and a detailed lifecycle review performed annually.

### 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

Johnston Carmichael LLP were appointed as auditor to the Company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

### Statement of disclosure to auditor

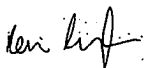
Each of the Directors in office at the date of approval of this annual report confirms that:

- 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.

The Directors' report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006

On behalf of the board



K A Cunningham  
Director

29 April 2022

# **EDUCATION SUPPORT (NEWHAM) LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 DECEMBER 2021***

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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 (United Kingdom Accounting Standards and applicable law), including FRS 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

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

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

# EDUCATION SUPPORT (NEWHAM) LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF EDUCATION SUPPORT (NEWHAM) LIMITED

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#### Opinion

We have audited the financial statements of Education Support (Newham) Limited (the 'company') for the year ended 31 December 2021 which comprise of the statement of comprehensive income, balance sheet, statement of changes in equity and notes to the financial statements including 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'*.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 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.

#### 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 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the 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.

#### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Directors' report 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.

# EDUCATION SUPPORT (NEWHAM) LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF EDUCATION SUPPORT (NEWHAM) LIMITED

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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

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

#### **Responsibilities of the directors**

As explained more fully in the directors' responsibilities statement are set out on page 3, 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.

#### **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 is considered 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.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the company, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The most relevant frameworks we identified include:

- United Kingdom Generally Accepted Accounting Practice, including FRS 102;
- UK Companies Act; and
- UK Corporation taxes legislation.

We gained an understanding of how the company is complying with these laws and regulations by making enquiries of management and those charged with governance. We corroborated these enquiries through our review of any relevant correspondence with regulatory bodies and board meeting minutes.



# EDUCATION SUPPORT (NEWHAM) LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF EDUCATION SUPPORT (NEWHAM) LIMITED

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We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by meeting with management and those charged with governance to understand where it was considered there was susceptibility to fraud. This evaluation also considered how management and those charged with governance were remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how management and those charged with governance oversee the implementation and operation of controls. In areas of the financial statements where the risks were considered to be higher, we performed procedures to address each identified risk.

The following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

- Reviewing minutes of meetings of those charged with governance;
- Reviewing the level of and reasoning behind the company's procurement of legal and professional services;
- Performing analytical procedures to identify any unusual or unexpected relationships; and
- Performing audit work procedures over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing judgements made by management in their calculation of accounting estimates for potential management bias.

Our audit procedures were designed to respond to the risk of material misstatements 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 intentional concealment, forgery, collusion, omission or misrepresentation. 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/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

#### 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.

*Johnston Carmichael LLP*

**Jenny Junnier (Senior Statutory Auditor)**  
**For and on behalf of Johnston Carmichael LLP**

29 / 04 / 2022

Date: .....

**Chartered Accountants**  
**Statutory Auditor**

Bishops Court  
29 Albyn Place  
Aberdeen  
AB10 1YL

# EDUCATION SUPPORT (NEWHAM) LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £'000	2020 £'000
Turnover	3	2,473	2,167
Cost of sales		(2,185)	(1,916)
<b>Gross profit</b>		<b>288</b>	<b>251</b>
Interest receivable and similar income	7	805	882
Interest payable and similar expenses	8	(659)	(734)
<b>Profit before taxation</b>		<b>434</b>	<b>399</b>
Tax on profit	9	(81)	(76)
<b>Profit for the financial year</b>		<b>353</b>	<b>323</b>
<b>Other comprehensive income</b>			
Cash flow hedges gain arising in the year	13	703	100
Tax relating to other comprehensive income	9	(92)	16
<b>Total comprehensive income for the year</b>		<b>964</b>	<b>439</b>

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

# EDUCATION SUPPORT (NEWHAM) LIMITED

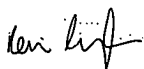
## BALANCE SHEET

AS AT 31 DECEMBER 2021

		2021		Restated 2020	
	Notes	£'000	£'000	£'000	£'000
<b>Current assets</b>					
Debtors falling due after more than one year	11	11,723		13,361	
Debtors falling due within one year	11	1,808		1,559	
Cash at bank and in hand		1,644		1,458	
		<u>15,175</u>		<u>16,378</u>	
<b>Creditors: amounts falling due within one year</b>	12	<u>(2,344)</u>		<u>(2,920)</u>	
<b>Net current assets</b>			12,831		13,458
<b>Creditors: amounts falling due after more than one year</b>	13		<u>(12,596)</u>		<u>(14,187)</u>
<b>Net assets/(liabilities)</b>			<u>235</u>		<u>(729)</u>
<b>Capital and reserves</b>					
Called up share capital	16		1		1
Hedging reserve			(722)		(1,333)
Profit and loss account			956		603
<b>Total shareholders' funds</b>			<u>235</u>		<u>(729)</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 29 April 2022 and are signed on its behalf by:



K A Cunningham  
Director

Company Registration No. 04420816

# EDUCATION SUPPORT (NEWHAM) LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Share capital £'000	Hedging reserve £'000	Profit and loss reserves £'000	Total £'000
<b>Balance at 1 January 2020</b>		1	(1,449)	356	(1,092)
<b>Year ended 31 December 2020:</b>					
Profit for the year		-	-	323	323
Other comprehensive income:					
Cash flow hedges gains		-	100	-	100
Tax relating to other comprehensive income		-	16	-	16
Total comprehensive income for the year		-	116	323	439
Dividends	10	-	-	(76)	(76)
<b>Balance at 31 December 2020</b>		1	(1,333)	603	(729)
<b>Year ended 31 December 2021:</b>					
Profit for the year		-	-	353	353
Other comprehensive income:					
Cash flow hedges gains		-	703	-	703
Tax relating to other comprehensive income		-	(92)	-	(92)
Total comprehensive income for the year		-	611	353	964
<b>Balance at 31 December 2021</b>		1	(722)	956	235

# EDUCATION SUPPORT (NEWHAM) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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### 1 Accounting policies

#### Company information

Education Support (Newham) Limited is a private company limited by shares incorporated in England and Wales. The registered office is 8 White Oak Square, London Road, Swanley, Kent, BR8 7AG.

#### 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 under 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.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Education Support (Newham) Holdings Limited. Copies of the consolidated accounts are available from Companies House.

#### Amendments to FRS102: Interest rate reform

The company's hedged items and hedging instruments continue to be linked to Sterling LIBOR. The company has early adopted the transitional provisions set out in the amendments to FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" Interest Rate Benchmark Reform, issued in December 2019, to those hedging relationships directly affected by IBOR reform. In accordance with these amendments, for the purpose of evaluating whether there is an economic relationship between the hedged items and the hedging instruments, the company assumes that the benchmark interest rate is not altered as a result of IBOR reform and can continue to apply hedge effectiveness throughout the transition period.

# EDUCATION SUPPORT (NEWHAM) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 1 Accounting policies

(Continued)

#### 1.2 Going concern

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 debt covenants and debts as they fall due.

The Company's operating cash inflows are largely dependent on the unitary charge receipts and the Directors expect these amounts to be received even in severe, but plausible possible downside scenarios. The Company continues to provide the assets in accordance with the contract and are available to be used. As a result the Company does not believe there is any likelihood of a material impact to the unitary payment.

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.

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

Variation income relates to the recharge of costs incurred for the alteration of the facilities or the services provided, requested by the Authority.

#### 1.4 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and 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.

##### **Restricted cash**

Cash at bank includes £835,401 (2020: £714,067) restricted from use in the business, being held in the Company's reserve accounts under the terms of its Senior Loan facility.

#### 1.5 Financial instruments

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 instruments are recognised in the Company's balance sheet when the Company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the balance sheet, when there is a legally 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.

# EDUCATION SUPPORT (NEWHAM) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 1 Accounting policies

(Continued)

#### **Basic financial assets**

Basic financial assets, which include debtors, 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. Financial assets classified as receivable within one year are not amortised.

#### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

#### **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.

#### **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 was 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.

# EDUCATION SUPPORT (NEWHAM) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

---

#### 1 Accounting policies

(Continued)

##### ***Impairment of financial assets***

Financial assets 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. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

##### ***Derecognition of financial assets***

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

##### ***Classification of financial liabilities***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

##### ***Basic financial liabilities***

Basic financial liabilities, including creditors, bank loans, and loans from fellow group companies are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. The effective interest rate method is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

##### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when the Company's contractual obligations expire or are discharged or cancelled.

#### 1.6 Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of transaction 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 2021

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### 1 Accounting policies

(Continued)

#### 1.7 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 the statement of comprehensive income immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the statement of comprehensive income 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.

#### 1.8 Hedge accounting

The Company designates certain hedging instruments, including 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 the statement of comprehensive income and is included in the 'other gains and losses' line.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to the statement of comprehensive income in the periods when the hedged item is recognised in the statement of comprehensive income in the same line 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.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

#### 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 statement of comprehensive income 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 2021

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### 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.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

#### **1.10 Reclassification of comparative information**

The following reclassification of comparative information has been made to more appropriately reflect its nature:

Note 12 – The amount payable £703,000 in respect derivative financial instruments within one year has been separately disclosed.

Note 12 and Note 13 – The amount payable £473,000 in respect of the unitary charge control account has been reclassified from creditors falling due within one year.

# EDUCATION SUPPORT (NEWHAM) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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### 2 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### **Critical judgements**

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

#### **Hedge accounting**

The Directors consider the Company to have met the criteria for cash flow 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.

The fair value of the swaps recorded in the accounts are based on Mark to Market estimates provided by the Bank. It is expected that changes to the hedging instrument and the loan will be materially consistent and limited to the transition from LIBOR to the new benchmark, as both the loan and the swap will be transitioned to the new benchmark at similar times in a broadly matching fashion. Refer to Note 17.

#### **Key sources of estimation uncertainty**

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

#### **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 a liability of £1,074,000 (2020: a liability of £1,646,000). 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.

# EDUCATION SUPPORT (NEWHAM) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 3 Turnover

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

	2021 £'000	2020 £'000
Turnover analysed by class of business		
Service fee income	2,297	1,963
Passthrough income	26	6
Variation income	45	121
Other income	105	77
	<u>2,473</u>	<u>2,167</u>

	2021 £'000	2020 £'000
Turnover analysed by geographical market		
United Kingdom	<u>2,473</u>	<u>2,167</u>

### 4 Auditor's remuneration

	2021 £'000	2020 £'000
Fees payable to the Company's auditor and associates:		
For audit services		
Audit of the financial statements of the Company and the Company's parent company	<u>15</u>	<u>15</u>

### 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.

### 7 Interest receivable and similar income

	2021 £'000	2020 £'000
Interest income		
Interest receivable on finance debtor	805	881
Other interest	-	1
	<u>805</u>	<u>882</u>

# EDUCATION SUPPORT (NEWHAM) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 8 Interest payable and similar expenses

	2021 £'000	2020 £'000
Interest on bank loans	528	603
Interest payable to parent undertakings	131	131
Total interest expense	<u>659</u>	<u>734</u>

### 9 Taxation

	2021 £'000	2020 £'000
<b>Current tax</b>		
UK corporation tax on profits	<u>81</u>	<u>76</u>

For the year ended 31 December 2021, the UK corporation tax rate of 19% is applied.

The Finance Act 2021 was substantially enacted in May 2021 and has increased the corporation tax rate to from 19% to 25% with effect from 1 April 2023. The deferred taxation balances have been measured using the rates expected to apply in the reporting periods when the timing differences reverse.

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2021 £'000	2020 £'000
Profit before taxation	<u>434</u>	<u>399</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	82	76
Adjustments in respect of prior years	<u>(1)</u>	<u>-</u>
Taxation charge for the year	<u>81</u>	<u>76</u>

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:

	2021 £'000	2020 £'000
Deferred tax arising on:		
Revaluation of financial instruments treated as cash flow hedges	<u>92</u>	<u>(16)</u>

# EDUCATION SUPPORT (NEWHAM) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 10 Dividends

2021 £'000	2020 £'000
-	76

### 11 Debtors

	2021 £'000	2020 £'000
<b>Amounts falling due within one year:</b>		
Trade debtors	1	3
Financial asset	1,377	1,203
Prepayments and accrued income	382	353
	1,760	1,559
Deferred tax asset (note 15)	48	-
	1,808	1,559

	Notes	2021 £'000	2020 £'000
<b>Amounts falling due after more than one year:</b>			
Financial asset		11,551	13,048
Deferred tax asset	15	172	313
		11,723	13,361
<b>Total debtors</b>		13,531	14,920

# EDUCATION SUPPORT (NEWHAM) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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

	Notes	2021 £'000	Restated 2020 £'000
Bank loans	14	1,187	1,181
Trade creditors		-	2
Amounts owed to parent undertakings	14	175	44
Corporation tax		84	64
Other taxation		104	96
Derivative financial instruments measured at fair value through profit or loss		254	703
Bank loan interest accrual		163	191
Deferred service concession income		150	473
Accruals and deferred income		227	166
		<u>2,344</u>	<u>2,920</u>

Derivative financial instruments have been reclassified to separately disclose amounts payable within one year.

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

	Notes	2021 £'000	Restated 2020 £'000
Bank loans	14	6,610	7,797
Amounts owed to parent undertaking	14	1,089	1,089
Derivative financial instruments measured at fair value through profit or loss		689	943
Deferred service concession income		4,208	4,358
		<u>12,596</u>	<u>14,187</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 comprises of 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 £703,000 (2020: £100,000)

Amounts included above which fall due after five years are as follows:

# EDUCATION SUPPORT (NEWHAM) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

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

(Continued)

	2021 £'000	2020 £'000
Payable by instalments	1,880	3,048
Payable other than by instalments	1,089	1,089
	<u>2,969</u>	<u>4,137</u>

#### 14 Loans and overdrafts

	2021 £'000	2020 £'000
Bank loans	7,797	8,978
Loans from parent undertakings	1,089	1,089
	<u>8,886</u>	<u>10,067</u>
Payable within one year	1,187	1,181
Payable after one year	7,699	8,886
	<u>8,886</u>	<u>10,067</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.

##### 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. The fixed interest rate, after taking into consideration the swap, is 5.12% during the operational phase.

##### Subordinated loans

Loans from parent undertaking comprise loans of £1,089,000 (2020: £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. Accrued interest of £175,000 (2020: £44,000) is outstanding as at 31 December 2021.



# EDUCATION SUPPORT (NEWHAM) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 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 2021 £'000	Assets 2020 £'000
<b>Balances:</b>		
Deferred tax on interest rate swap fair value	220	313
<b>Movements in the year:</b>		2021 £'000
Asset at 1 January 2021		313
Credit to other comprehensive income		(192)
Effect of change in tax rate - other comprehensive income		99
Asset at 31 December 2021		220

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.

### 16 Called up share capital

	2021 £'000	2020 £'000
<b>Ordinary share capital</b>		
<b>Alloted, called and paid up to 2p each:</b>		
- 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 Events after the reporting date

Post year an amendment has been made to the interest rate swap agreement in order to transfer from LIBOR to SONIA (effective 26th April 2022). No other significant changes were made to the agreement as a result of this amendment.

# EDUCATION SUPPORT (NEWHAM) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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### **18 Related party transactions**

As a wholly owned subsidiary of Jura Acquisition 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 Jura Acquisition group. A copy of the financial statements of Jura Acquisition Limited can be obtained from its registered office at Heritage Hall, PO Box 225, Le Marchant Street, St Peter Port, Guernsey, GY1 4HY.

### **19 Ultimate controlling party**

The Company's immediate parent undertaking is Education Support (Newham) Holdings Limited, a company incorporated in Great Britain and registered in England and Wales, with a registered address of 8 White Oak Square, London Road, Swanley, BR8 7AG. 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.