

**COVENTRY EDUCATION PARTNERSHIP HOLDINGS
LIMITED**

FINANCIAL STATEMENTS

31 DECEMBER 2014

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COVENTRY EDUCATION PARTNERSHIP HOLDINGS LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

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COVENTRY EDUCATION PARTNERSHIP HOLDINGS LIMITED

STRATEGIC REPORT

YEAR ENDED 31 DECEMBER 2014

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the group is the provision of operational and maintenance services, including related financing arrangements for the Caludon Castle School in Coventry, in accordance with a project agreement entered into with Coventry City Council.

The school became operational in July 2007. The group is currently operating the facility for a 30 year period, providing a full range of facilities management services under a contractual agreement that provides a regular income stream which is subject to deductions for service shortfalls and the unavailability of the facility.

The group operates in a PFI market under strict contractual obligations. The industry is highly competitive and so companies have to differentiate themselves on affordability, innovation (both design and industry solutions) as well as identifying and satisfying the needs of all shareholders.

The loss for the year amounted to £2,000 (2013: £1,000 profit).

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the group's strategy are subject to a number of risks.

The key business risks affecting the group are considered to relate to cash flow management, facility management compliance and review of the insurance cover and lifecycle profile.

The board formally reviews risks and appropriate processes are put in place to mitigate them.

FINANCIAL RISK MANAGEMENT

The group's operations expose it to a variety of financial risks that include liquidity risk, interest rate risk and credit risk. The group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the group by monitoring levels of debt finance and the related finance costs.

The group's financial instruments comprise floating rate and fixed rate borrowings, the main purpose of which is to raise finance for the group's operations. The group does use derivative financial instruments and has entered into interest rate swaps, the purpose of which is to manage interest rate risk on the group's floating rate borrowings.

Given the size of the group, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. Bilfinger RE Asset Management Limited, as a provider of financial services to the group under a contractual arrangement, implements the policies set by the board of directors. Bilfinger RE Asset Management Limited has a policy and procedures manual that sets out specific guidelines to manage interest rate risk and circumstances where it would be appropriate to use financial instruments to manage these.

Liquidity risk

The group minimises the risk of uncertain funding in its operations by having long-term committed facilities available.

Interest rate cash flow risk

The group seeks to minimise its exposure to an upward change in interest rates by both borrowing at fixed rates and borrowing at floating rates and using interest rate swaps to convert such borrowings from floating to fixed rates. At the year end all the group's floating rate borrowings were at fixed rates after taking account of interest rate swaps.

COVENTRY EDUCATION PARTNERSHIP HOLDINGS LIMITED

STRATEGIC REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2014

FINANCIAL RISK MANAGEMENT *(continued)*

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge its obligation under the contract giving rise to the financial instrument. The group's credit risk is concentrated as its cash flows are generated from the PFI school concession asset. The concentration of risk is mitigated as the cash flows are secured under contract with Coventry City Council, a government body.

KEY PERFORMANCE INDICATORS ("KPIs")

Performance deductions under the service contract

Financial penalties are levied by the Authority in the event of performance standards not being achieved according to detailed criteria set out in the Project Agreement. These deductions are passed on to the service provider. In the year ended 31 December 2014, deductions of £0.2k (2013: £0.2k) had been levied which represents 0.01% (2013: 0.01%) of revenue. The directors believe the performance for the year to be satisfactory.

Financial performance

The directors have modelled the anticipated financial outcome of the Project across its full term. The directors monitor actual financial performance against this anticipated performance. As at 31 December 2014, the group's performance against this measure was satisfactory.

GOING CONCERN

The directors have reviewed the group's projected cashflows by reference to a financial model covering accounting periods up to 31 December 2035. The directors have also examined the current status of the group's principal contracts and likely developments in the foreseeable future. Having reviewed the available information, the directors consider that the group and company will be able to meet its financial obligations on the due dates for the foreseeable future. Accordingly, the directors consider that it is appropriate for the financial statements of the group and company to be prepared on a going concern basis.

On behalf of the directors



Anne Speer
Director
Part First Floor
1 Grenfell Road
Maidenhead
Berkshire
SL6 1HN

Approved by the directors on 22/05/2015

COVENTRY EDUCATION PARTNERSHIP HOLDINGS LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2014

The directors have pleasure in presenting their report and the financial statements of the group for the year ended 31 December 2014.

FUTURE DEVELOPMENTS

The project continues to perform in line with the modelled expectations and management of the scheme both logistically and financially remains under control. We remain confident that we will maintain our current level of performance and keep penalty payments to a minimum.

DIVIDENDS

The directors have not recommended a dividend (2013: £nil).

DIRECTORS

The directors who served the company during the year and up to the date of this report are shown below:

A Speer
F Schramm
I Tayler

DONATIONS

Neither the Company nor its subsidiary undertaking made any political donations during the year (2013: £nil).

DISCLOSURE OF INFORMATION TO THE AUDITOR

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

AUDITOR

A resolution to appoint KPMG LLP as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 485 of the Companies Act 2006.

On behalf of the directors



Arne Speer
Director
Part First Floor
1 Grenfell Road
Maidenhead
Berkshire
SL6 1HN

Approved by the directors on 22/05/2015

COVENTRY EDUCATION PARTNERSHIP HOLDINGS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period.

In preparing each of the group and parent company 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent 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.

COVENTRY EDUCATION PARTNERSHIP HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COVENTRY EDUCATION PARTNERSHIP HOLDINGS LIMITED

YEAR ENDED 31 DECEMBER 2014

We have audited the financial statements of Coventry Education Partnership Holdings Limited for the year ended 31 December 2014 set out on pages 7 to 20. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state 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 set out on page 4, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2014 and of the group's loss 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 Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

COVENTRY EDUCATION PARTNERSHIP HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COVENTRY EDUCATION PARTNERSHIP HOLDINGS LIMITED *(continued)*

YEAR ENDED 31 DECEMBER 2014

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



Amanda Moses
(Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Arlington Business Park
Reading
Berkshire
RG7 4SD

1 June 2015

COVENTRY EDUCATION PARTNERSHIP HOLDINGS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2014

	Note	2014 £000	2013 £000
TURNOVER	2	1,473	1,375
Operating costs		(1,449)	(1,317)
OPERATING PROFIT	3	24	58
Interest receivable and similar income	5	1,076	1,100
Interest payable and similar charges	6	(1,102)	(1,151)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(2)	7
Tax on (loss)/profit on ordinary activities	7	-	(6)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	18	(2)	1

All of the activities of the group are classed as continuing.

The group has no recognised gains or losses other than the loss for the year as set out above.

The company has taken advantage of section 408 of the Companies Act 2006 not to publish its own Profit and Loss Account.

There is no difference between the loss for the year as shown in the profit and loss account and its historical cost equivalent.

The notes on pages 11 to 20 form part of these financial statements.

COVENTRY EDUCATION PARTNERSHIP HOLDINGS LIMITED

CONSOLIDATED BALANCE SHEET

31 DECEMBER 2014

	Note	2014 £000	2013 £000
CURRENT ASSETS			
DEBTORS: Amounts falling due within one year	10	759	421
DEBTORS: Amounts falling due after more than one year	10	15,145	15,515
Short term investments	12	–	827
Cash at bank		707	391
		<u>16,611</u>	<u>17,154</u>
CREDITORS: Amounts falling due within one year	13	<u>(1,888)</u>	<u>(1,731)</u>
NET CURRENT ASSETS		14,723	15,423
CREDITORS: Amounts falling due after more than one year	14	<u>(14,666)</u>	<u>(15,364)</u>
		<u>57</u>	<u>59</u>
CAPITAL AND RESERVES			
Called-up equity share capital	17	10	10
Profit and loss account	18	47	49
TOTAL SHAREHOLDER'S FUNDS	19	<u>57</u>	<u>59</u>

These financial statements were approved by the directors and authorised for issue on 22/05/2015 and are signed on their behalf by:

Arne Speer
Director

The notes on pages 11 to 20 form part of these financial statements.

COVENTRY EDUCATION PARTNERSHIP HOLDINGS LIMITED

COMPANY BALANCE SHEET

31 DECEMBER 2014

	Note	2014 £000	2013 £000
FIXED ASSETS			
Investments	9	10	10
NET ASSETS		<u>10</u>	<u>10</u>
CAPITAL AND RESERVES			
Called-up equity share capital	17	10	10
TOTAL SHAREHOLDER'S FUNDS		<u>10</u>	<u>10</u>

These financial statements were approved by the directors and authorised for issue on 22/05/2015 and are signed on their behalf by:


Arne Speer
Director

Company Registration Number: 05188349

The notes on pages 11 to 20 form part of these financial statements.

COVENTRY EDUCATION PARTNERSHIP HOLDINGS LIMITED

CONSOLIDATED CASH FLOW STATEMENT

YEAR ENDED 31 DECEMBER 2014

	Note	2014 £000	2013 £000
NET CASH INFLOW FROM OPERATING ACTIVITIES	20(a)	264	899
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		1,076	1,100
Interest paid		(1,088)	(1,137)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(12)	(37)
NET CASH INFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING		252	862
MANAGEMENT OF LIQUID RESOURCES			
Decrease/(increase) in treasury deposits		827	(827)
NET CASH DECREASE/(INCREASE) FROM MANAGEMENT OF LIQUID RESOURCES		827	(827)
FINANCING			
Repayment of bank loan		(763)	(723)
NET CASH OUTFLOW FROM FINANCING		(763)	(723)
INCREASE/(DECREASE) IN CASH	20(c)	316	(688)

The notes on pages 11 to 20 form part of these financial statements.

COVENTRY EDUCATION PARTNERSHIP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertaking, Coventry Education Partnership Limited.

Going concern

The directors have reviewed the cash flow forecast and taking into account of reasonable possible changes in operations, believe that the Group and Company will be able to settle liabilities as they fall due for payment for the foreseeable future and therefore consider that it is appropriate to prepare these financial statements on a going concern basis.

Turnover

Turnover represents the value of services rendered, excluding sales related taxes, and is recognised to the extent that the group obtains the right to consideration in exchange for its performance. Turnover is recognised as contract activity progresses at a mark up on costs related to the provision of services. In line with FRS5 Application Note G, the mark up is calculated based upon the forecast service revenues and costs over the concession period.

All turnover originates in the United Kingdom.

Contract debtor

Amounts recoverable under long term Private Finance Initiative contracts are transferred to a contract debtor in accordance with the requirements of FRS5 Application Note F - Private Finance Initiative and Similar Contracts. The amounts receivable (which include the costs of construction of assets) are treated as a long-term contract debtor from the commencement of the operating phase, with a constant proportion of the net revenue arising from the project (after allowing for income in respect of the provision of operating and maintenance services), being allocated to remunerate the contract debtor. Imputed interest receivable is allocated to the contract debtor using a property specific rate to generate a constant rate of return over the life of the contract.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exception:

COVENTRY EDUCATION PARTNERSHIP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

1. ACCOUNTING POLICIES *(continued)*

Deferred taxation *(continued)*

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Financial instruments

The group uses derivative financial instruments to hedge its exposure to fluctuations in interest rates. Interest differentials on these derivative financial instruments are recognised, net of the interest payable on the related financial liability, in the profit and loss account in the period to which it relates. The group does not revalue the derivative financial instruments to fair value but the fair value of these instruments at the balance sheet date is disclosed in note 14.

Discounts, premia and related costs of debt issue are charged to the profit and loss account over the life of the instrument to which they relate.

Interest capitalisation

All net interest payable, receivable and finance costs during the construction period were capitalised into the contract debtor. Now the project is operational all net interest and finance costs will be recognised in the profit and loss account.

Investments

Investments in subsidiary undertakings are stated at cost, less an appropriate provision to reflect any impairment in the value of the investments.

Segment reporting

The group's activities consist solely of the provision of operation and maintenance services in respect of the school and are undertaken entirely in the United Kingdom.

2. TURNOVER

The turnover and (loss)/profit before tax are attributable to the one principal activity of the group. An analysis of turnover is given below:

	2014	2013
	£000	£000
United Kingdom	<u>1,473</u>	<u>1,375</u>

3. OPERATING PROFIT

The audit fee in respect of the group was £11,000 (2013: £10,000) and for the company £2,000 (2013: £2,000). All of these costs have been borne by the subsidiary undertaking.

COVENTRY EDUCATION PARTNERSHIP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

4. PARTICULARS OF EMPLOYEES

The group had no employees during the year (2013: nil). The directors have no contract of service with the group. During the year the group incurred charges of £111,000 (2013: £72,000) from BBGI Management HoldCo S.a.r.l. for making available the services of the directors.

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2014 £000	2013 £000
Bank interest receivable	2	2
Interest on contract debtor	1,074	1,098
	<u>1,076</u>	<u>1,100</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2014 £000	2013 £000
Interest payable on bank loan	797	846
Interest payable on subordinated debt	284	284
Other finance costs	21	21
	<u>1,102</u>	<u>1,151</u>

7. TAXATION ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of (credit)/charge in the year

The tax (credit)/charge in the year is made up as follows:

	2014 £000	2013 £000
Current tax	—	—
Deferred tax:		
Origination and reversal of timing differences		
- in respect of current year	—	2
- in respect of changes in tax rates and laws	—	4
Total deferred tax (note 11)	<u>—</u>	<u>6</u>
Tax on (loss)/profit on ordinary activities	<u>—</u>	<u>6</u>

COVENTRY EDUCATION PARTNERSHIP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

7. TAXATION ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

(continued)

(b) Factors affecting current tax (credit)/charge

The current tax assessed on the (loss)/profit on ordinary activities for the year is the same as (2013: lower than) the standard rate of corporation tax in the UK of 21.50% (2013 - 23.25%).

The differences are reconciled below:

	2014 £000	2013 £000
(Loss)/profit on ordinary activities before taxation	(2)	7
(Loss)/profit on ordinary activities multiplied by rate of tax	-	2
Utilisation of tax losses	-	(2)
Total current tax (note 7(a))	-	-

(c) Factors that may affect future tax charges

The UK corporation tax rate will reduce to 20% on 1 April 2015. This will reduce the group's future current tax charge accordingly. The deferred tax asset at 31 December 2014 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

8. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The profit dealt with in the financial statements of the parent company was £nil (2013 - £nil).

9. INVESTMENTS

Company	Group companies £000
COST	
At 1 January 2014 and 31 December 2014	10
NET BOOK VALUE	
At 1 January 2014 and 31 December 2014	10

As at 31 December 2014, the company owned 100% of the issued share capital (£10,000) of Coventry Education Partnership Limited, which is registered in the United Kingdom.

COVENTRY EDUCATION PARTNERSHIP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

10. DEBTORS

Amounts falling due within one year:

	Group		Company	
	2014	2013	2014	2013
	£000	£000	£000	£000
Trade debtors	334	–	–	–
Contract debtor	370	346	–	–
Deferred taxation (note 11)	24	24	–	–
Prepayments and accrued income	31	51	–	–
	<u>759</u>	<u>421</u>	<u>–</u>	<u>–</u>

Amounts falling due after more than one year:

	Group		Company	
	2014	2013	2014	2013
	£000	£000	£000	£000
Contract debtor	<u>15,145</u>	<u>15,515</u>	<u>–</u>	<u>–</u>

11. DEFERRED TAXATION

The deferred tax included in the Balance Sheet is as follows:

	2014	2013
	£000	£000
Included in debtors (note 11)	<u>24</u>	<u>24</u>

The movement in the deferred taxation account during the year was:

	Group		Company	
	2014	2013	2014	2013
	£000	£000	£000	£000
Balance brought forward	24	30	–	–
Profit and loss account movement arising during the year (note 7(a))	–	(6)	–	–
Balance carried forward	<u>24</u>	<u>24</u>	<u>–</u>	<u>–</u>

The group's asset for deferred taxation consists of the tax effect of timing differences in respect of:

Group

	2014	2013
	£000	£000
Trading losses carried forward	<u>24</u>	<u>24</u>

The total recognised deferred tax asset for the group relating to trading losses is £24,000 (2013: £24,000). There is no unrecognised deferred tax asset or liability for the group (2013: £nil).

COVENTRY EDUCATION PARTNERSHIP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

12. SHORT TERM INVESTMENTS

	Group		Company	
	2014	2013	2014	2013
	£000	£000	£000	£000
Treasury deposits	<u>—</u>	<u>827</u>	<u>—</u>	<u>—</u>

13. CREDITORS: Amounts falling due within one year

	Group		Company	
	2014	2013	2014	2013
	£000	£000	£000	£000
Bank loan (including accrued interest)	893	956	—	—
Subordinated debt (including accrued interest)	67	72	—	—
VAT liability	96	107	—	—
Accruals and deferred income	832	596	—	—
	<u>1,888</u>	<u>1,731</u>	<u>—</u>	<u>—</u>

Included within Bank loan are unamortised issue costs amounting to £13,000 (2013: £14,000).

COVENTRY EDUCATION PARTNERSHIP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

14. CREDITORS: Amounts falling due after more than one year

	Group		Company	
	2014	2013	2014	2013
	£000	£000	£000	£000
Bank loan	12,396	13,094	–	–
Subordinated debt	2,270	2,270	–	–
	<u>14,666</u>	<u>15,364</u>	<u>–</u>	<u>–</u>

Included within Bank loan are unamortised issue costs amounting to £115,000 (2013: £128,000).

Bank loan relates to the senior facilities granted by a group of banks led by Sumitomo Mitsui Banking Corporation Europe Limited. The senior facilities are for a total value of £20,450,000. Loan issue costs have been offset against bank loans and are amortised over the term of the loan in accordance with the provisions of FRS4.

The senior loan facilities consist of three separate facilities; a change in law facility of £700,000 which has not yet been drawn down, a debt service facility of £1,050,000 which has not yet been drawn down and a term loan facility of £18,700,000 which is repayable in fifty three six-monthly instalments. As at 31 December 2014, the total amount outstanding on the facility is £13,222,000 (2013: £13,986,000). Interest is charged on amounts drawn under the facility at LIBOR + 0.90%.

The group has also entered into a swap arrangement with Sumitomo Mitsui Banking Corporation Europe Limited in order to fix the base interest rate (LIBOR) at 4.97% on the facilities to 2033. The fair value of the swap arrangement at the year end was a negative £3,662,000 (2013: negative £2,426,000). Market values have been used to determine the fair value of the swap arrangement. The senior facilities are secured by a fixed charge over all leasehold interests, book debts, project accounts and intellectual property of the group and by a floating charge over the group's undertakings and assets.

Subordinated debt represents a £2,270,000 (2013: £2,270,000) unsecured subordinated loan facility due to BBGI Investments S.C.A., a 100% shareholder of the company. The subordinated loan facility bears interest at a fixed rate of 12.5% and is fully repayable by 2034. The subordinated loan facility has been included in the maturity of debt analysis (note 15).

COVENTRY EDUCATION PARTNERSHIP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

15. LOANS AND BORROWINGS

Maturity of debt

	Group		Company	
	2014	2013	2014	2013
	£000	£000	£000	£000
Amounts repayable:				
In one year or less or on demand	973	1,042	-	-
In more than one year but not more than two years	742	711	-	-
In more than two years but not more than five years	1,978	2,080	-	-
In more than five years	12,061	12,701	-	-
	15,754	16,534	-	-
Less unamortised issue costs	(128)	(142)	-	-
	15,626	16,392	-	-
Less amounts falling due within one year (note 13)	(960)	(1,028)	-	-
	14,666	15,364	-	-

16. RELATED PARTY TRANSACTIONS

The group incurred directors' fees of £111,000 (2013: £72,000) during the year payable to BBGI Management HoldCo S.a.r.l. (the immediate parent undertaking of BBGI Investments S.C.A., a 100% shareholder of the company).

The group incurred interest of £284,000 (2013: £284,000) on the subordinated loan facility payable to BBGI Investments S.C.A., a 100% shareholder of the company. At the year end there was £2,337,000 (2013: £2,342,000) payable to BBGI Investments S.C.A. in respect of the subordinated loan facility.

17. SHARE CAPITAL

Allotted, called up and fully paid:

	2014		2013	
	No	£000	No	£000
Ordinary shares of £1 each	10,000	10	10,000	10

COVENTRY EDUCATION PARTNERSHIP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

18. RESERVES

Group	Profit and loss account £000
Balance brought forward	49
Loss for the financial year	(2)
Balance carried forward	<u>47</u>
 Company	 Profit and loss account £000
Balance brought forward	—
Result for the financial year	—
Balance carried forward	<u>—</u>

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	Group		Company	
	2014 £000	2013 £000	2014 £000	2013 £000
(Loss)/profit for the financial year	(2)	1	—	—
Opening shareholder's funds	<u>59</u>	<u>58</u>	<u>10</u>	<u>10</u>
Closing shareholder's funds	<u>57</u>	<u>59</u>	<u>10</u>	<u>10</u>

20. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2014 £000	2013 £000
Operating profit	24	58
Decrease in debtors	32	782
Increase in creditors	<u>208</u>	<u>59</u>
Net cash inflow from operating activities	<u>264</u>	<u>899</u>

COVENTRY EDUCATION PARTNERSHIP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

20. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(continued)

(b) RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2014 £000	2013 £000
Increase/(decrease) in cash in the period	316	(688)
Repayment of bank loan	763	723
(Decrease)/increase in short term investments	(827)	827
Change in net debt resulting from cash flows	252	862
Other non-cash changes	(14)	(14)
Movement in net debt in the period	238	848
Net debt at 1 January	(14,895)	(15,743)
Net debt at 31 December	(14,657)	(14,895)

(c) ANALYSIS OF CHANGES IN NET DEBT

	At 1 Jan 2014 £000	Cash flows £000	Other non-cash changes £000	At 31 Dec 2014 £000
Net cash:				
Cash in hand and at bank	391	316	–	707
Liquid resources:				
Short term investments	827	(827)	–	–
Debt:				
Debt due within 1 year	(749)	763	(712)	(698)
Debt due after more than 1 year	(15,364)	–	698	(14,666)
	(16,113)	763	(14)	(15,364)
Net debt	(14,895)	252	(14)	(14,657)

21. ULTIMATE PARENT UNDERTAKING

At 31 December 2014, 100% of the share capital of the company was held by BBGI Investments S.C.A..

BBGI Investments S.C.A. is wholly owned by BBGI SICAV S.A., a Luxembourg investment company listed on the London Stock Exchange.

BBGI SICAV S.A. is the ultimate parent undertaking and controlling party during both the years ended 31 December 2014 and 31 December 2013.

No other financial statements include the results of the Company.