



Axiom Education (Perth & Kinross) Holdings Limited
(Reg No. 5521874)

Strategic report, Directors' report and audited financial statements
For the year ended
31 December 2020



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Strategic report

Business review

The Company acts as a holding company for the investment in its subsidiary undertaking, Axiom Education (Perth & Kinross) Limited.

The profit for the year was £nil (2019: £nil). The Company received and paid on to its parent £1,562,000 of subordinated debt interest (2019: £2,630,000).

The net assets of the Company are in a satisfactory position and have increased in the year from £18,244,000 in 2019 to £18,915,000 in 2020 which is driven by the revaluation gain on the investment of £671,000 increasing the revaluation reserve.

As the Company acts as a holding company only, there are no relevant future developments planned.

Key performance indicators

In its position as a holding company, there are no relevant KPI's for the Company.

Duty to promote the success of the Company

The directors have given careful consideration to the requirements of Section 172 of the Companies Act 2006. They recognise that the long-term success of the Company is dependent on recognising the interests of its key stakeholders, which include the public sector, suppliers, shareholders and the local community, and in doing so have regard (amongst other matters) to;

- the likely consequence of any decisions supported and underpinned by regular and detailed financial forecasting;
 - semi-annual updates of the financial model are used to support decisions made by the Directors and ensure the long term implications are not detrimental to the Company's stakeholders.
- that the Company has no direct employees;
- the need to foster the Company's business relationships with its public sector client, its supply chain and other key stakeholders through active engagement with relevant decision makers;
 - Suppliers – The Directors aim to ensure the Company's key supplier, Mitie PFI's, interest are considered and have regular liaison meetings. In addition, key staff that worked through the pandemic were given vouchers by the Company in recognition for their work.
 - Public Sector Client – The Directors have worked with key personnel within the schools to promote the ESG initiative that allows the school to apply for funds from the Company to assist with a project or activity that will benefit the school.
- the impact of the Company's operations on the community and the environment through embedding itself at the heart of the community. The use of the Company's assets as community facilities ensure that they are considered a key part of the local communities;
- the desirability of the Company in maintaining a reputation for high standards of business conduct achieved through regular monitoring against a series of key performance indicators; and

the need to consider the best interests of the Company's shareholders as underpinned by relevant Shareholder Agreement.

Key risks and uncertainties

The key risk for the Company is the ability of its subsidiary to repay the subordinated debt and therefore allow the Company to service its own debt.

Perth and Kinross Council (the "Authority") is the sole client of the Company's subsidiary, but the directors consider that no risk arises from such a small client base since the Secretary of State for Education has implicitly underwritten the Authority's obligations.

Most of the performance risk under the Project Agreement and related contracts is passed on to the subcontractors Mitie PFI. The obligations of the service provider and building subcontractor are underwritten by respective parent company guarantees. The Company's subsidiary is exposed to the risk of non-performance by its subcontractors; however, penalties imposed by the Authority will be passed onto the subcontractor at fault under the terms of the subcontracts.

Strategic report (continued)

Key risks and uncertainties (continued)

Mitie PFI has been operating and maintaining the new project facilities since the first school opened in November 2008. The relationship between the Company and Mitie PFI is excellent with the parties meeting formally on a regular basis with ad hoc meetings held when required. Both parties have a very positive working relationship with the Authority at a management level and with the individual schools. Mitie PFI's performance is generally very good and this is reflected in the relatively low level of deductions applied.

Brexit risk

The Company is exposed to Brexit risk as a result of the impact of the trade deal between the UK and the European Union. Whilst the Company itself is not considered to be significantly exposed, subcontractors which it engages with are considered to have exposure in relation to labour and the cost of supplies. Performance risk under the Project Agreement and related contracts are passed on to the service providers and to the building contractor. The obligations of these subcontractors are underwritten either by performance guarantees issued by banks or by parent company guarantees. Due to the evolving nature of the risk, the Board continue to actively monitor developments.

COVID-19 risk

The Company is exposed to the COVID-19 risk as a result of the inherent uncertainty around the impact of the pandemic on UK society and economy. Whilst the Company itself is not considered to be significantly exposed, subcontractors which it engages with are considered to have exposure in relation to labour and the ability to continue to perform required services. Performance risk under the Project Agreement and related contracts are passed on to the service providers and to the building contractor. The obligations of these subcontractors are underwritten either by performance guarantees issued by banks or by parent company guarantees. Due to the evolving nature of the risk, the Board continue to actively monitor developments.

Going concern

The Directors have prepared cash flow forecasts which indicate that, taking account of severe but plausible downsides, the Company will have sufficient funds to meet its liabilities as they fall due. Further information of the Directors' assessment including the consideration of the impact of COVID-19 is contained within note 1.

The Company was able to meet the financial covenants as at March 2020, September 2020 and March 2021 and is forecast to meet them for the foreseeable future.

Taking into account reasonable possible risks in operations to the Company, the fact the obligations of the Company's sole customer are underwritten by the Secretary of State for Education, the Directors have a reasonable expectation that the Company will be able to settle its liabilities as they fall due to the foreseeable future. It is therefore appropriate to prepare these financial statements on the going concern basis.

Climate Change risk

The Company has considered whether it is exposed to additional risks as a result of climate change and has not identified any risks that would significantly impact the Company. This is primarily due to nature of the operations of the project, where the majority of work is performed by sub-contractors who are responsible for the associated risks. Whilst, the Company is subject to SPV costs through the provision and maintenance of facilities including, for instance, heating systems, the Company's contractual protections are expected to protect the Company from changes in law that result in any longer term pricing risk associated with climate change.

The Company has adopted the operational control boundary approach for the measurement of energy emissions, as the Directors believe this reflects the level of emissions that can be actively controlled and reduced. The Company does not have operational control over the underlying asset and utilisation of the energy and as a result is classed as a low energy user.

By order of the board



Natalia Poupard

Director

Blake House, 3 Frayswater Place
Uxbridge, Middlesex UB8 2AD

25 June 2021

Directors' report

The directors present their report and the audited financial statements of Axiom Education (Perth & Kinross) Holdings Limited ("the Company") for the year ended 31 December 2020.

Activities

The principal activity of the Company is to act as a holding company for the investment in its subsidiary undertaking.

Results and dividends

The results for the year are shown in the profit and loss account on page 8. The directors have not declared any dividends in the year (2019: £nil).

Directors

The directors of the Company during the year and up to the date of this report were as follows:

Mark Holden
Natalia Poupard

The directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Political and charitable contributions

There were no donations of a political or charitable nature made during the current or prior years.

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 Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor is deemed to be reappointed and therefore KPMG LLP will continue in office.

By order of the Board



Natalia Poupard
Director

Blake House, 3 Frayswater Place
Uxbridge, Middlesex UB8 2AD

25 June 2021

Statement of directors' responsibilities in respect of the Strategic Report, the Director's Report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law, 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 its profit or loss for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Axiom Education (Perth & Kinross) Holdings Limited

Opinion

We have audited the financial statements of Axiom Education (Perth & Kinross) Holdings Limited ("the company") for the year ended 31 December 2020 which comprise the Profit and Loss Account and Statement of Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included enquiring of directors as to the Axiom Education (Perth & Kinross) Limited's high-level policies and procedures to prevent and detect fraud that apply to this group company as well as enquiring whether the directors have knowledge of any actual, suspected or alleged fraud.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because there are no revenue transactions.

We did not identify any additional fraud risks.

We performed procedures including agreeing all accounting entries in the period to supporting documentation.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

Independent auditor's report to the members of Axiom Education (Perth & Kinross) Holdings Limited (continued)

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors (as required by auditing standards) and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

The company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

This company is not subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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

We have nothing to report in these respects.

Independent auditor's report to the members of Axiom Education (Perth & Kinross) Holdings Limited (continued)

Directors' responsibilities

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Andrew Gordon (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor, Chartered Accountants
Regus, 4th Floor
Salt Quay House
6 North East Quay
Plymouth
PL4 0HP

Date 30 June 2021

Profit and Loss Account and Statements of Other Comprehensive Income
for the year ended 31 December 2020

	<i>Notes</i>	2020 £'000	2019 £'000
Interest payable and similar expenses	6	(1,562)	(2,630)
Interest receivable and similar income	7	<u>1,562</u>	<u>2,630</u>
Profit before taxation		-	-
Tax on profit/(loss)	8	-	-
Profit for the year		<u>-</u>	<u>-</u>
Other comprehensive income			
<i>Items that will or may be reclassified to profit and loss</i>			
Revaluation of investments	9	<u>671</u>	<u>(235)</u>
Other comprehensive income/(loss) for the year		<u>671</u>	<u>(235)</u>
Total Comprehensive income/(loss)		<u>671</u>	<u>(235)</u>

The results above are all in respect of the continuing operations of the Company.


The notes on pages 11 to 18 form an integral part of the financial statements.

Balance Sheet
as at 31 December 2020

Reg No.5521874

		2020	2019
	Notes	£'000	£'000
Fixed assets			
Investments	9	18,911	18,240
Current assets			
Debtors: amounts falling due within one year	10	214	369
Debtors: amounts falling due over one year	11	6,724	7,121
Cash		18	18
Total current assets		6,956	7,508
Current liabilities			
Creditors: amounts falling due within one year	12	(228)	(383)
Net current assets		6,728	7,125
Total asset less current liabilities		25,639	25,365
Creditors: amounts falling due after more than one year	13	(6,724)	(7,121)
Net assets		18,915	18,244
Capital and reserves			
Called up share capital	15	130	130
Revaluation reserve		18,781	18,110
Profit and loss account		4	4
Shareholders' funds		18,915	18,244

The financial statements were approved by the Board of Directors on 25 June 2021 and signed on its behalf by:


Natalia Poupard
Director

The notes on pages 11 to 18 form an integral part of the financial statements.

Statement of Changes in Equity

	Called up share capital £'000	Revaluation reserve £'000	Profit and loss account £'000	Total Equity £'000
Balance at 1 January 2019	130	18,345	4	18,479
Total comprehensive income for the period				
Profit for the year	-	-	-	-
Other comprehensive loss	-	(235)	-	(235)
Total comprehensive loss for the period	-	(235)	-	(235)
Dividends	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-
Balance at 31 December 2019	130	18,110	4	18,244

	Called up share capital £'000	Revaluation reserve £'000	Profit and loss account £'000	Total Equity £'000
Balance at 1 January 2020	130	18,110	4	18,244
Total comprehensive income for the period				
Profit for the year	-	-	-	-
Other comprehensive income	-	671	-	671
Total comprehensive income for the period	-	671	-	671
Dividends	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-
Balance at 31 December 2020	130	18,781	4	18,915

The notes on pages 11 to 18 form an integral part of the financial statements.

Notes *(forming part of the financial statements)*

1 Basis of preparation

Axiom Education (Perth & Kinross) Holdings Limited (the “Company”) is a private company limited by shares and incorporated and domiciled in England in the UK. These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (“FRS 102”). The registered company number is 05521874 and the registered address is Blake House, 3 Frayswater Place, Uxbridge, Middlesex UB8 2AD.

The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company’s parent undertaking, Yorker Holdings PKR Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Yorker Holdings PKR Limited are prepared in accordance with FRS102 and are available to the public and may be obtained from the registered address in note 18. 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 following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes including disclosure of changes in net debt; and
- Key Management Personnel compensation.

The Company has taken advantage of the exemption from preparing consolidated financial statements afforded by Section 400 of the Companies Act 2006 because it is a wholly owned subsidiary of Yorker Holdings PKR Limited. These financial statements present information about the Company as an individual undertaking and not about its group.

As the Company is a wholly owned subsidiary of Yorker Holdings PKR Limited, the Company has taken advantage of the exemption covered in FRS102 section 33 and has therefore not disclosed transactions or balances with entities which form part of that group (or investees of the group qualifying as related parties).

As the consolidated financial statements of Yorker Holdings PKR Limited include disclosures equivalent to these required by FRS 102, the Company has also taken the exemptions available in respect of the following disclosures:

- Certain disclosures required by FRS 102-11 Basic Financial Instruments and FRS 102-12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgments made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 19.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: Investments in subsidiaries.

Going concern

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors have prepared cash flow forecasts covering a period of 15 months from the date of approval of these financial statements through to 30 September 2022 which indicate that, taking account of severe but plausible downsides, the Company will have sufficient funds to meet its liabilities as they fall due for that period. As the principal activity of the Company is to hold an investment in Axiom Education (Perth and Kinross) Limited, the Directors are not expecting any transactions for the foreseeable future that will impact the Shareholder’s Funds. The Directors therefore believe that the Company will be able to settle its liabilities as they fall due for the foreseeable future and therefore it is appropriate to prepare these financial statements on the going concern basis.

Notes *(continued)*

1 Basis of preparation *(continued)*

They are satisfied that the interest receipts from the Company's subsidiary, Axiom Education (Perth & Kinross) Limited, will be received and can service the interest payments to the loan note holder.

The risks faced in relation to the UK's exit from the European Union have also been considered in relation to the going concern of Company. The assessments carried out by the Company and the key service provider of the Company's subsidiary, Mitie PFI, has satisfied directors that the risks have been considered and mitigated where possible, supporting the going concern basis for preparation of these financial statements.

2 Accounting policies

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

(a) Investments

Investments are held at fair value with changes in fair value going through the revaluation reserve.

Fair value has been calculated by the directors based upon the forecast cashflows of the group discounted at an appropriate rate to account for the risk of the specific project.

(b) Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

(c) Dividends on shares presented within equity

Dividends are only recognised as a liability to the extent that they are declared prior to the year end, have been approved by the shareholders and are therefore irrevocable. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

(d) Basic financial instruments

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Interest bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Notes (continued)

2 Accounting policies (continued)

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

(e) Expenses

Interest receivable and Interest payable

Interest payable and similar expenses include interest payable on borrowings and associated ongoing financing fees. Other interest receivable and similar income include interest receivable on funds invested and interest receivable on amounts lent to group undertakings. Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

(f) Impairment excluding deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

3 Audit fees

	2020 £'000	2019 £'000
Auditor's remuneration		
Audit of financial statements	1	1
	<u>1</u>	<u>1</u>

The audit fee was borne by Axiom Education (Perth & Kinross) Limited in both years.

4 Staff numbers and costs

The Company had no employees in either the current or the prior year.

5 Remuneration of Directors

The directors received no remuneration for their services (2019: £nil). The directors duties to this company are incidental and as a result, no qualifying services have been performed.

Notes (continued)

6 Interest payable and similar expenses

	2020 £'000	2019 £'000
Subordinated loan note interest payable	1,562	2,630
	<u>1,562</u>	<u>2,630</u>

7 Interest receivable and similar income

	2020 £'000	2019 £'000
Subordinated loan note interest receivable	1,562	2,630
	<u>1,562</u>	<u>2,630</u>

8 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2020 £'000	2019 £'000
Current tax	-	-
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	-	-
Total deferred tax	<u>-</u>	<u>-</u>
Total Tax	<u><u>-</u></u>	<u><u>-</u></u>

Reconciliation of effective tax rate:

There is no difference on tax from the standard rate.

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2018) was substantively enacted on 26 October 2016. A further reduction to 17% (effective 1 April 2020) was substantively enacted on the 6 September 2017. However, the March 2020 budget cancelled the reduction of the corporation tax rate from 19% to 17%.

The Chancellor announced in the Budget on 3 March 2021, that there would be an increase in the top rate of corporation tax to 25% for companies generated taxable profits of more than £250,000. A corporation tax rate of 19% will apply to companies generating taxable profits of less than £50,000. A marginal rate will be applied for profits between these taxable profit bandings. This change becomes effective from 1 April 2023. This change is not expected to have a material impact on these financial statements.

Notes (continued)

9 Investment

	Investment in subsidiary undertakings £'000
At 31 December 2019	18,240
Revaluation gain for the year	671
At 31 December 2020	<u>18,911</u>

Investments in subsidiary undertaking are valued using a discounted cashflow methodology. The valuation techniques and methodologies have been applied consistently with the prior year. The valuation assumes discount rate of 6.85% (2019: 7.05%), tax rate of 17% (2019: 17%) and inflation rate of 2.5% (2019: 3.2%).

Subsidiary undertaking	Registered Office	Country of incorporation	Principal activity	Class & percentage of shares held
Axiom Education (Perth & Kinross) Limited	Blake House , 3 Frayswater Place Uxbridge, Middlesex UB8 2AD	England	PFI	100% of Ordinary Shares

10 Debtors: amounts falling due within one year

	2020 £'000	2019 £'000
Subordinated loan notes receivable	-	138
Other debtors	214	231
	<u>214</u>	<u>369</u>

Notes (continued)

11 Debtors: amounts falling due over one year

	2020 £'000	2019 £'000
Subordinated loan notes receivable	<u>6,724</u>	<u>7,121</u>

On 10 April 2013 the Company acquired unsecured loan notes of £12,711,680 issued by its subsidiary, Axiom Education (Perth & Kinross) Limited and issued 12,711,680 of unsecured loan notes. The loan notes receivable and payable attract interest at a rate of 12.60% payable annually and are repayable in installments ending 2041.

Notes (continued)

12 Creditors: amounts falling due within one year

	2020 £'000	2019 £'000
Subordinated loan notes payable	-	138
Accruals	214	231
Amounts owed to group undertakings	14	14
	<u>228</u>	<u>383</u>

13 Creditors: amounts falling due over one year

	2020 £'000	2019 £'000
Subordinated loan notes payable	<u>6,724</u>	<u>7,121</u>

14 Analysis of debt

	2020 £'000	2019 £'000
Debt can be analysed as falling due:		
In one year or less, or on demand	-	138
Between two and five years	-	652
In five years or more	6,724	6,469
	<u>6,724</u>	<u>7,259</u>

15 Called up share capital

	2020 £'000	2019 £'000
Allotted, called up and fully paid: 130,000 ordinary shares of £1 each	<u>130</u>	<u>130</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Notes (continued)

16 Financial instruments

Carrying amount of financial instruments

The carrying amounts of the financial assets and liabilities include:

	2020 £'000	2019 £'000
Assets measured at fair value through other comprehensive income		
- Investment	18,911	18,240
Assets measured at amortised cost		
- Trade and other debtors	214	231
- Subordinated debt	6,724	7,259
Assets measured at cost less impairment		
- Cash and Cash equivalents	18	18
Liabilities measured at amortised cost		
- Accruals and amounts owed to group undertakings	(214)	(245)
- Subordinated debt	(6,724)	(7,259)

17 Related party transactions

Infrastructure Investments LP is an intermediate Holding Company of the Company.

During the year, the Company incurred costs charged by these related parties as follows:

	Transactions		Balance owed to/(from) at year end	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Subordinated debt interest				
Infrastructure Investments LP	1,562	2,630	214	231
Subordinated debt capital				
Infrastructure Investments LP	535	1,151	6,724	7,258
	2,097	3,781	6,938	7,489

18 Ultimate controlling parties

The Company is a subsidiary undertaking of Yorker Holdings PKR Limited, a company incorporated in England in the UK.

The smallest and largest Group in which the Company's results are consolidated is that headed by Yorker Holdings PKR Limited incorporated in England in the UK. The consolidated accounts of this Group are available to the public and may be obtained from the registered office at One Bartholomew Close, Barts Square, London, England, EC1A 7BL.

HICL Infrastructure plc is the ultimate controlling party, incorporated in the UK. The registered address for this company is One Bartholomew Close, Barts Square, London, England, EC1A 7BL.

Notes *(continued)*

19 Accounting estimates and judgments

The preparation of financial statements in conformity with FRS102 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based upon historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily available from other sources. 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 revision and future periods if the revision affects both current and future periods.

Areas of estimation uncertainty in applying the Group's accounting policies are described below:

- Valuation of the investment in subsidiaries requires critical judgments of discount rate, inflation and tax rates applied to the future cashflows of the investment.