

REGISTERED NUMBER: 06506336 (England and Wales)

**Directors' Report and
Financial Statements
for the Year Ended 31 December 2016
for
Inspiredspaces Nottingham (Projectco1) Limited**

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Inspiredspaces Nottingham (Projectco1) Limited

**Contents of the Financial Statements
for the year ended 31 December 2016**

	Page
Company Information	1
Directors' Report	2
Statement of Directors' Responsibilities	3
Independent Auditor's Report	4
Statement of Comprehensive Income	5
Balance Sheet	6
Statement of Changes in Equity	7
Notes to the Financial Statements	8 to 15

Inspiredspaces Nottingham (Projectco1) Limited

Company Information
for the year ended 31 December 2016

DIRECTORS:

K L Flaherty
T E Render
K J Edwards
C Simpson

REGISTERED OFFICE:

Two London Bridge
London
SE1 9RA

REGISTERED NUMBER:

06506336 (England and Wales)

AUDITOR:

KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Inspiredspaces Nottingham (Projectco1) Limited

Directors' Report for the year ended 31 December 2016

The directors present their report with the financial statements of the company for the year ended 31 December 2016.

PRINCIPAL ACTIVITY

The principal activities of the company are the design, redevelopment, financing and operation of schools and associated services under the Government's Building Schools for the Future scheme for a period of twenty-six years pursuant to and in accordance with the terms of an agreement with the Nottingham City Council. This agreement together with a loan facilities agreement, a construction contract, a facilities management contract and other related contracts was signed on 13 June 2008. Construction of the schools commenced in June 2008 and was completed in September 2010. Operational activities commenced in September 2009, when the first phase was completed and availability payments also became receivable at this date. All phases were completed by September 2010 and the full availability payments also became receivable at this date.

REVIEW OF BUSINESS

The Statement of Comprehensive Income is set out on page 5 and shows a profit on ordinary activities before taxation of £68,000 (2015: profit on ordinary activities before taxation of £78,000).

The directors consider the performance of the company during the year, the financial position at the end of the year and its prospects for the future to be satisfactory.

DIVIDENDS

The directors recommended the payment of an interim dividend of £700,000 (2015: £nil).

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2016 to the date of this report.

K L Flaherty
T E Render

Other changes in directors holding office are as follows:

M Trodd - resigned 27 October 2016
S R Shah - resigned 4 January 2016
P Andrews - appointed 4 January 2016 - resigned 31 December 2016
K J Edwards - appointed 27 October 2016
C Simpson - appointed 31 December 2016

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks affecting the company are considered to relate to cash flow management, facility management compliance and review of the insurance cover and lifecycle profile. The company is exposed to inflation risk as some of its operational costs are RPI linked. This risk is mitigated as an element of the company's availability income is also linked to RPI. The board formally reviews risks and appropriate processes are put in place to mitigate them.

POST BALANCE SHEET EVENTS

There have been no material post balance sheet events which would require disclosure or adjustment to these financial statements.

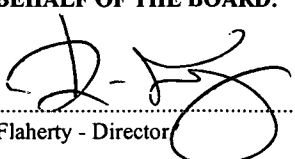
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

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 he/ she ought to have taken as a director to make himself/ herself 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 will be deemed to be reappointed and KPMG LLP will therefore continue in office.

ON BEHALF OF THE BOARD:


K L Flaherty - Director

Date: 2 May 2017

Inspiredspaces Nottingham (Projectco1) Limited

**Statement of Directors' Responsibilities
for the year ended 31 December 2016**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice) including FRS102 '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;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

**Independent Auditor's Report to the Members of
Inspiredspaces Nottingham (Projectco1) Limited**

We have audited the financial statements of Inspiredspaces Nottingham (Projectco1) Limited for the year ended 31 December 2016 set out on pages 5 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement 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. 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 company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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


Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Directors' Report:

- we have not identified material misstatements in that report; and
- in our opinion, that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

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


James Tracey (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Date: 3 May 2017

Inspiredspaces Nottingham (Projectco1) Limited

**Statement of Comprehensive Income
for the year ended 31 December 2016**

	Notes	2016 £'000	2015 £'000
TURNOVER		2,132	1,951
Cost of sales		<u>(1,920)</u>	<u>(1,739)</u>
GROSS PROFIT		212	212
OPERATING PROFIT	4	212	212
Interest receivable and similar income	5	2,205	2,285
Interest payable and similar expenses	6	<u>(2,349)</u>	<u>(2,419)</u>
PROFIT BEFORE TAXATION		68	78
Tax on profit	7	<u>(14)</u>	<u>(18)</u>
PROFIT FOR THE FINANCIAL YEAR		54	60
OTHER COMPREHENSIVE INCOME			
Change in fair value of cash flow hedge	13	(1,877)	1,305
Income tax relating to other comprehensive income		<u>208</u>	<u>(483)</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		<u>(1,669)</u>	<u>822</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(1,615)</u>	<u>882</u>

The notes form part of these financial statements

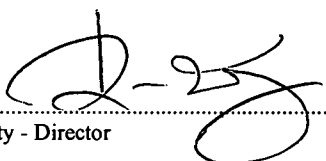
Inspiredspaces Nottingham (Projectco1) Limited (Registered number: 06506336)

**Balance Sheet
31 December 2016**

	Notes	2016 £'000	2015 £'000
CURRENT ASSETS			
Debtors: amounts falling due within one year	9	1,272	1,252
Debtors: amounts falling due after more than one year	9	33,885	35,056
Cash at bank		<u>2,142</u>	<u>2,855</u>
		37,299	39,163
CREDITORS			
Amounts falling due within one year	10	<u>(1,878)</u>	<u>(2,429)</u>
NET CURRENT ASSETS		<u>35,421</u>	<u>36,734</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		35,421	36,734
CREDITORS			
Amounts falling due after more than one year	11	(33,109)	(33,984)
OTHER FINANCIAL LIABILITIES AND PROVISIONS	13	<u>(12,978)</u>	<u>(11,101)</u>
NET LIABILITIES		<u>(10,666)</u>	<u>(8,351)</u>
CAPITAL AND RESERVES			
Called up share capital	14	10	10
Cash flow hedging reserve	15	(10,772)	(9,103)
Retained earnings	15	<u>96</u>	<u>742</u>
SHAREHOLDERS' FUNDS		<u>(10,666)</u>	<u>(8,351)</u>

The financial statements were approved by the Board of Directors on 2 May 2017 and were signed on its behalf by:

.....
K L Flaherty - Director



The notes form part of these financial statements

Inspiredspaces Nottingham (Projectco1) Limited

**Statement of Changes in Equity
for the year ended 31 December 2016**

	Called up share capital £'000	Retained earnings £'000	Cash flow hedging reserve £'000	Total equity £'000
Balance at 1 January 2015	10	682	(9,925)	(9,233)
Changes in equity				
Total comprehensive income	<u>-</u>	<u>60</u>	<u>822</u>	<u>882</u>
Balance at 31 December 2015	<u>10</u>	<u>742</u>	<u>(9,103)</u>	<u>(8,351)</u>
Changes in equity				
Dividends paid (note 8)	-	(700)	-	(700)
Total comprehensive income	<u>-</u>	<u>54</u>	<u>(1,669)</u>	<u>(1,615)</u>
Balance at 31 December 2016	<u>10</u>	<u>96</u>	<u>(10,772)</u>	<u>(10,666)</u>

The notes form part of these financial statements

Inspiredspaces Nottingham (Projectco1) Limited

Notes to the Financial Statements for the year ended 31 December 2016

1. STATUTORY INFORMATION

Inspiredspaces Nottingham (Projectco1) Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

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") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

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

The Company's parent undertaking, International Public Partnerships Limited Partnership includes the Company in its consolidated financial statements. The consolidated financial statements of International Public Partnerships Limited Partnership are prepared in accordance with IFRS and are available to the public and may be obtained from Two London Bridge, London, SE1 9RA. 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; and
- Key Management Personnel compensation.

As the consolidated financial statements of International Public Partnerships Limited Partnership include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The 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.

Related party transactions

As the company is a member of the International Public Partnership Limited Partnership Group, it has taken advantage of the exemption contained in FRS102 Section 33.1A not to disclose transaction between two or more members of a group provided that a subsidiary which is a party to the transaction is wholly owned by such a member.

Going concern

The directors have reviewed the cash flow forecast and taking into account reasonable possible risks in operations to the Company they 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. The company is in a net liability position caused by the Swap liability, this is a non cash item and does not affect the cashflows of the company and the liability will be unwound over the life of the project.

Inspiredspaces Nottingham (Projectco1) Limited

Notes to the Financial Statements - continued for the year ended 31 December 2016

2. ACCOUNTING POLICIES - continued

Turnover

Construction phase

Revenue is recognised based on the fair value of work completed in the period, deemed to be historical cost plus margin, in accordance with FRS 102 Schedule 23.

Operational phase

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 on non-pass-through operating and maintenance costs plus a margin.

Revenue and expenses are recognised on an accruals basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises. Revenue is measured at the fair value of the consideration received, net of discounts and taxes.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Interest-bearing loans and borrowings

All interest-bearing loans and borrowings which are basic financial instruments are initially recognised at the present value of the future payments discounted at a market rate of interest for a similar loan. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Short term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Statement of comprehensive income in administrative expenses.

Derivative instruments and hedging

The company used derivative financial instruments in the form of interest rate swaps to reduce its exposure to interest rate fluctuations on the company's floating rate bank loan. The company has determined that its interest rate swap qualifies for hedge accounting under FRS 102. Accordingly the effective portion of the gain or loss on the interest rate swap is recognised directly in other comprehensive income in the cashflow hedge reserve, with the ineffective portion recognised in profit or loss. The hedging gain or loss accumulated in the cash flow hedge reserve is reclassified to the income statement when the hedged item is recognised in profit or loss or when the hedged future cash flows are no longer expected to occur.

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value.

Derivatives are carried as assets when the fair value is positive and liabilities when the fair value is negative. The fair value of interest rate swap contracts is determined by calculating the present value of the estimated future cashflows based on observable yield curves.

Inspiredspaces Nottingham (Projectco1) Limited

Notes to the Financial Statements - continued for the year ended 31 December 2016

2. ACCOUNTING POLICIES - continued

Service concession - financial assets

The company is a special purpose entity that has been established to provide services under certain private finance agreements with Nottingham City Council (the Authority). Under the terms of these Agreements, the Authority controls the service 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 Arrangement.

Interest receivable and interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions.

Other interest receivable and similar income include interest receivable on funds invested. Interest income and interest payable are recognised in profit or loss as they accrue. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amount reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

There are no significant accounting estimates or judgements required in the preparation of these financial statements.

3. STAFF COSTS AND DIRECTOR'S REMUNERATION

There were no employees during the year (2015: none). The directors have no contract of service with the company (2015: none). Amounts payable to third parties in respect of director's services totalled £26,000 (2015: £26,000).

4. OPERATING PROFIT

The following costs were incurred during the year:

	2016 £'000	2015 £'000
Auditor's remuneration - audit of these financial statements	<u>9</u>	<u>10</u>

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2016 £'000	2015 £'000
Interest on financial assets	2,196	2,273
Bank interest receivable	<u>9</u>	<u>12</u>
	<u>2,205</u>	<u>2,285</u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2016 £'000	2015 £'000
Bank borrowings	2,000	2,062
Amounts owed to shareholders	<u>349</u>	<u>357</u>
	<u>2,349</u>	<u>2,419</u>

Notes to the Financial Statements - continued
for the year ended 31 December 2016

Analysis of the tax charge

	2016 £'000	2015 £'000
Current tax:		
UK corporation tax	14	199
Deferred tax Reversal of timing difference	-	(181)
Tax on profit	14	18

Reconciliation of total tax charge included in profit and loss

	2016 £'000	2015 £'000
Profit before tax	<u>68</u>	<u>78</u>
Profit multiplied by the standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	14	16
Effects of:		
Effect of differences in tax rates	<u>-</u>	<u>2</u>
Total tax charge	14	18

		2016	
	Gross £'000	Tax £'000	Net £'000
Change in fair value of cash flow hedge	(1,877)	208	(1,669)
	(1,877)	208	(1,669)

		2015	
	Gross	Tax	Net
	£'000	£'000	£'000
Change in fair value of cash flow hedge	<u>1,305</u>	<u>(483)</u>	<u>822</u>
	<u>1,305</u>	<u>(483)</u>	<u>822</u>

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 December 2016 has been calculated based on these rates.

Inspiredspaces Nottingham (Projectco1) Limited

**Notes to the Financial Statements - continued
for the year ended 31 December 2016**

8. DIVIDENDS

	2016 £'000	2015 £'000
Ordinary shares of £1 each		
Final	<u>700</u>	<u>-</u>

9. DEBTORS

	2016 £'000	2015 £'000
Amounts falling due within one year:		
Amounts receivable in respect of financial assets	1,168	1,146
Amounts owed by group undertaking	-	3
Prepayments and accrued income	<u>104</u>	<u>103</u>
	<u>1,272</u>	<u>1,252</u>

Amounts falling due after more than one year:		
Amounts receivable in respect of financial assets	31,679	33,058
Deferred tax asset	<u>2,206</u>	<u>1,998</u>
	<u>33,885</u>	<u>35,056</u>

Aggregate amounts	<u>35,157</u>	<u>36,308</u>
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Deferred tax asset consists of:

	2016 £'000	2015 £'000
Fair value of Cash Flow Hedge	<u>2,206</u>	<u>1,998</u>
	<u>2,206</u>	<u>1,998</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £'000	2015 £'000
Bank loans and overdrafts (see note 12)	1,356	1,541
Trade creditors	152	148
Amounts owed to group undertakings (see note 12)	136	162
Corporation tax	14	199
Other creditors and accruals	<u>220</u>	<u>379</u>
	<u>1,878</u>	<u>2,429</u>

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2016 £'000	2015 £'000
Bank loans (see note 12)	30,301	31,127
Amounts owed to group undertakings (see note 12)	<u>2,808</u>	<u>2,857</u>
	<u>33,109</u>	<u>33,984</u>

Inspiredspaces Nottingham (Projectco1) Limited

Notes to the Financial Statements - continued for the year ended 31 December 2016

12. LOANS

An analysis of the maturity of the bank loan is given below:

	2016	2015
	£'000	£'000
Repayment schedule of the bank loan:		
Wholly repayable within five years	6,098	5,464
Not wholly repayable within five years	<u>25,497</u>	<u>27,171</u>
	<u>31,595</u>	<u>32,635</u>

Bank borrowings relate to term loan facilities granted by the bank on 13 June 2008. The loan facility is for a total value of £38,119,000 comprising £37,119,000 term loan facility, and £1,000,000 debt service reserve facility. As at 31 December 2016 £31,595,000 (2015: £32,635,000) has been drawn comprising £31,595,000 (2015: £32,635,000) term loan and £nil (2015: £nil) debt service reserve facility. Loan issue costs in respect of this facility have been deducted from the gross proceeds of the bank borrowings and an effective interest rate is used to calculate finance costs. There was £483,000 (2015: £502,000) of accrued interest and an effective interest rate adjustment of £421,000 (2015: £469,000) on these loans outstanding at the year end.

The term loan is repayable in six-monthly instalments commencing on 31 March 2011 and ending on 28 February 2034. Interest is charged on amounts drawn under the facilities based on floating LIBOR. The company has entered into interest hedging agreements to be applied to the expected future borrowings under the facilities. The hedging agreement fixes the interest rate at 5.445% until 28 February 2034 using a cash flow hedge which is considered to be 100% effective for the year.

The facilities are secured, by way of first fixed charge, over all of the assigned rights which the company now has, its present and future interest in the securities and all other stocks, shares, debentures, bonds and other securities, all account monies, all benefits in respect of insurances, all book and other debts and other monies due, its present and future goodwill and its present and future uncalled capital. They are also secured by way of a floating charge over the whole of the charged assets being the whole of the property (including uncalled capital) which is or may be from time to time comprised in the property and undertaking of the chargor.

An analysis of the maturity of the group loan is given below:

	2016	2015
	£'000	£'000
Repayment schedule of the group loan:		
Wholly repayable within five years	488	395
Not wholly repayable within five year	<u>2,369</u>	<u>2,535</u>
	<u>2,857</u>	<u>2,930</u>

Amounts owed to group undertakings comprise loan stock of £2,857,000 (2015: £2,930,000) from Inspiredspaces Nottingham (Holdings1) Limited. These borrowings bear interest at 12% per annum and are repayable in instalments on or before 31 March 2034. There was £87,000 (2015: £89,000) of accrued interest on these loans outstanding at the year end.

The facilities are secured, by way of first fixed charge, over all of the assigned rights which the company now has, its present and future interest in the securities and all other stocks, shares, debentures, bonds and other securities, all account monies, all benefits in respect of insurances, all book and other debts and other monies due, its present and future goodwill and its present and future uncalled capital. They are also secured by way of a floating charge over the whole of the charged assets being the whole of the property (including uncalled capital) which is or may be from time to time comprised in the property and undertaking of the chargor.

13. OTHER FINANCIAL LIABILITIES AND PROVISIONS

	2016	2015
	£'000	£'000
Other provisions		
Swap Liability	<u>12,978</u>	<u>11,101</u>
		Swap
		Liability
		£'000
Balance at 1 January 2016		11,101
Change in fair value of cash flow hedge		<u>1,877</u>
Balance at 31 December 2016		<u>12,978</u>

Inspiredspaces Nottingham (Projectco1) Limited

Notes to the Financial Statements - continued for the year ended 31 December 2016

13. OTHER FINANCIAL LIABILITIES AND PROVISIONS - continued

Interest rate swaps are valued at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

The interest rate swap settles on a bi-annual basis. The floating rate on the interest rate swap is six months LIBOR. The project will settle the difference between the fixed and floating interest rate on a net basis.

The fair value of these financial instruments at 31 December 2016 was a liability of £12,978,000 (2015: liability of £11,101,000). Net losses of £1,877,000 (2015: gain of £822,000) were recognised in other comprehensive income and gains of £Nil (2015: gains of £Nil) in excess of the fair value of the hedging instruments over the change in the fair value of expected cash flows were recognised in profit or loss. £Nil (2015: £Nil) was reclassified to profit or loss for the period.

14. CALLED UP SHARE CAPITAL

Allotted and issued:

Number:	Class:	Nominal value:	2016 £'000	2015 £'000
10,000	Ordinary	£1	<u>10</u>	<u>10</u>

15. RESERVES

	Retained earnings £'000	Hedging Reserve £'000	Totals £'000
At 1 January 2016	742	(9,103)	(8,361)
Profit for the year	54	-	54
Dividends paid	(700)	-	(700)
Effective portion of changes in fair value of cashflow hedge (net of tax)	-	(1,669)	(1,669)
At 31 December 2016	<u>96</u>	<u>(10,772)</u>	<u>(10,676)</u>

Cashflow hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cashflow hedging instruments relating to hedged transactions that have not yet occurred, net of tax.

16. PARENT UNDERTAKINGS

The directors regard Inspiredspaces Nottingham (Holdings1) Limited, an entity incorporated in England and Wales as the immediate parent undertaking and controlling party and International Public Partnerships Limited, a company registered in Guernsey as the ultimate parent undertaking and controlling party. Copies of the consolidated financial statements of International Public Partnerships Limited Partnership, the smallest and largest group of which the company is a member and for which group financial statements are prepared, can be obtained from the registered address at Two London Bridge, London, SE1 9RA.

Inspiredspaces Nottingham (Projectco1) Limited

Notes to the Financial Statements - continued for the year ended 31 December 2016

17. RELATED PARTY DISCLOSURES

During the year ended 31 December 2016, the company also received director services from Nottingham City Council, at a cost of £7,000 (2015: £6,000). Nottingham City Council has joint control of Inspiredspaces Nottingham Ltd, an entity which is considered to have significance influence in the company. The company owed Nottingham City Council £nil (2015: £nil) at the year end.

The company received management services during the year from Inspiredspaces Nottingham Limited, a company in which the International Public Partnership Limited Group has joint control, at a cost of £347,000 (2015: £371,000). The company owed Inspiredspaces Nottingham Limited £35,000 (2015: £34,000) at the year end.

The company received administration, construction, financial and technical services from subsidiaries of Carillion Plc during the period at a cost of £1,446,000 (2015: £1,217,000), £114,000 (2015: £218,000) was owed to subsidiaries of Carillion Plc at the year end. These companies are deemed to be related parties as Carillion Plc has joint control of Inspiredspaces Nottingham Ltd, an entity which is considered to have significance influence in the company.