REGISTERED NUMBER: 06506336 (England and Wales)

Directors' Report and

Financial Statements

for the Year Ended 31 December 2020

for

Inspiredspaces Nottingham (Projectco1) Limited

Inspiredspaces Nottingham (Projectco1) Limited

Contents of the Financial Statements
for the year ended 31 December 2020

Inspiredspaces Nottingham (Projectco1) Limited

Company Information
for the year ended 31 December 2020

DIRECTORS:	J P Marsh T E Render K J Edwards G E Hanson N R Henshaw K Savjani
REGISTERED OFFICE:	3 More London Riverside London SE1 2AQ
REGISTERED NUMBER:	06506336 (England and Wales)
AUDITOR:	KPMG LLP One Snowhill Snow Hill Queensway Birmingham B4 6GH

Directors' Report
for the year ended 31 December 2020

The Directors present their report with the financial statements of the Company for the year ended 31 December 2020.

The Directors' Report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

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 8 and shows a profit before taxation of £123,000 (2019: £161,000).

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.

FUTURE DEVELOPMENTS
The Directors continue to develop the business in line with the contract.

DIVIDENDS
The Directors recommended the payment of an interim dividend of £187,000 (2019: £67,000).

DIRECTORS
The Directors shown below have held office during the whole of the period from 1 January 2020 to the date of this report.

T E Render
K J Edwards
G E Hanson
N R Henshaw

Other changes in Directors holding office are as follows:

K L Flaherty (Resigned 20 November 2020)
K Savjani (Appointed 20 November 2020)
J P Marsh (Appointed 1 January 2021)

DIRECTORS INDEMNITIES
The Company has made qualifying third-party indemnity provisions for the benefit of its Directors, which were made during the year and remain in force at the date of this report.

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.

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 at least 12 months from the date of approval of these financial statements which indicate that, taking account of severe but plausible downsides including the impact of COVID-19, the Company will have sufficient funds to meet its liabilities as they fall due for that period and to operate within the covenants on its external borrowings.

Specifically, the directors have considered if, in modelled severe but plausible downside scenarios, the level of operational performance of the Company would lead to service failure points being awarded against the Company in accordance with the terms of the Company's contract with the local authority sufficient to cause an event of default under the terms of the Company's external borrowings. To date, taking into account the effect of COVID-19 and there has been no material adverse impact on the Company's cashflows, or the service levels provided and no indication of heightened risk of subcontractor failure. As a result, the cashflow forecasts indicate that, even in downside scenarios, the Company will be able to meet its liabilities as they fall due.

GOING CONCERN - continued

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

DISCLOSURE OF INFORMATION TO AUDITOR

So far as the Directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) 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 in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

POST BALANCE SHEET EVENTS

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

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:

J P Marsh - Director

Date: 16/06/2021

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

Statement of Directors' Responsibilities in respect of the Directors' Report and the Financial Statements for the year ended 31 December 2020

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 the 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 Inspiredspaces Nottingham (Projectco1) Limited

Opinion

We have audited the financial statements of Inspiredspaces (Projectco l) Limited ("the company") for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 2.

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;
- 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 Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any usual or unexpected relationships.

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 of the existence of limited incentives and opportunities to make inappropriate accounting entries in relation to revenue.

We did not identify any additional fraud risks.

We performed procedures including identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included journal entries that would move costs to unusual accounts outside of project agreements and any unexpected journal entries to cash and borrowings.

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

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 and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, 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.

Secondly, the Company is 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. We identified health and safety as the most likely area to have such an effect, recognising the nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

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.

Directors' report

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

Our responsibility is to read 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 directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; 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

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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

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.

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

Date - 21 June 2021

Statement of Comprehensive Income
for the year ended 31 December 2020

	Notes	2020 £'000	2019 £'000
TURNOVER		**2,309**	2,143
Cost of sales		**(1,950)**	(1,761)
GROSS PROFIT BEING OPERATING PROFIT	4	**359**	382
Interest receivable and similar income	5	**1,834**	1,941
Interest payable and similar expenses	6	**(2,070)**	(2,162)
PROFIT BEFORE TAXATION		**123**	161
Tax on profit	7	**(23)**	(31)
PROFIT FOR THE FINANCIAL YEAR		**100**	130
OTHER COMPREHENSIVE INCOME			
Change in fair value of cash flow hedge		**(473)**	(42)
Income tax relating to other comprehensive income		**296**	7
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF INCOME TAX		**(177)**	(35)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		**(77)**	95

The notes form part of these financial statements

Balance Sheet
31 December 2020

	Notes	2020 £'000	2019 £'000
CURRENT ASSETS			
Debtors: amounts falling due within one year	9	1,596	999
Debtors: amounts falling due after more than one year	9	27,651	29,507
Cash at bank		3,147	3,430
		32,394	33,936
CREDITORS			
Amounts falling due within one year	10	(2,716)	(2,650)
NET CURRENT ASSETS		29,678	31,286
TOTAL ASSETS LESS CURRENT LIABILITIES		29,678	31,286
CREDITORS			
Amounts falling due after more than one year	11	(27,601)	(29,418)
OTHER FINANCIAL LIABILITIES	13	(10,769)	(10,296)
NET LIABILITIES		(8,692)	(8,428)
CAPITAL AND RESERVES			
Called up share capital	14	10	10
Cash flow hedging reserve		(8,723)	(8,546)
Retained earnings		21	108
SHAREHOLDERS' DEFICIT		(8,692)	(8,428)

The financial statements were approved by the Board of Directors on 16/06/2021 and were signed on its behalf by:

J P Marsh

J P Marsh - Director

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

Statement of Changes in Equity
for the year ended 31 December 2020

	Called up share capital £'000	Retained earnings £'000	Cash flow hedging reserve £'000	Total equity £'000
Balance at 1 January 2019	10	45	(8,511)	(8,456)
Changes in equity				
Total comprehensive income	-	130	(35)	95
Dividends (note 8)	-	(67)	-	(67)
Balance at 31 December 2019	10	108	(8,546)	(8,428)
Changes in equity				
Total comprehensive income	-	100	(177)	(77)
Dividends (note 8)	-	(187)	-	(187)
Balance at 31 December 2020	**10**	**21**	**(8,723)**	**(8,692)**

The notes form part of these financial statements

1. STATUTORY INFORMATION

Inspiredspaces Nottingham (Projectco1) Limited is a private limited company incorporated in England. The Registered Office is 3 More London Riverside, London, SE1 2AQ. The financial statements have been prepared in compliance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") and the Companies Act 2006 for the year ended 31 December 2020.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements
These financial statements have been prepared under the historical cost convention and in accordance with UK Accounting Standards, and are presented in pounds sterling which is the functional currency of the Company. All amounts in the financial statements have been rounded to the nearest £1,000.

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 3 More London Riverside, London, SE1 2AQ. 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 Company has taken advantage of the exemption in Section 33.1 A Related Party Disclosures not to disclose related party transactions between two or more members of a group provided that any subsidiary which is a party to the transaction is wholly owned by such a member.
- 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.

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 at least 12 months from the date of approval of these financial statements which indicate that, taking account of severe but plausible downsides including the impact of COVID-19, the Company will have sufficient funds to meet its liabilities as they fall due for that period and to operate within the covenants on its external borrowings.

Specifically, the directors have considered if, in modelled severe but plausible downside scenarios, the level of operational performance of the Company would lead to service failure points being awarded against the Company in accordance with the terms of the Company's contract with the local authority sufficient to cause an event of default under the terms of the Company's external borrowings. To date, taking into account the effect of COVID-19 and there has been no material adverse impact on the Company's cashflows, or the service levels provided and no indication of heightened risk of subcontractor failure. As a result, the cashflow forecasts indicate that, even in downside scenarios, the Company will be able to meet its liabilities as they fall due.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Turnover
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 accrual 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.

2. **ACCOUNTING POLICIES – continued**

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.

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.

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.

Derivative instruments and hedging
Financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss except for hedging instruments in a designated hedging relationship shall be recognised as set out below.

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 is a cash flow hedge and 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

2. ACCOUNTING POLICIES - continued

Derivative instruments and hedging - continued
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.

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 estimates or judgements in the preparation of these financial statements.

3. STAFF COSTS AND DIRECTOR'S REMUNERATION

The Company has no employees and hence there were no staff costs for the year ended 31 December 2020 (2019: £nil). The Directors have no contract of service with the Company (2019: none). Amounts payable to third parties in respect of Director's services totalled £30,000 (2019: £29,000).

4. OPERATING PROFIT

The operating profit is stated after charging:	**2020**	2019
	£'000	£'000
Auditor's remuneration - audit of these financial statements	**12**	10

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2020	2019
	£'000	£'000
Bank interest receivable	**7**	21
Finance debtor interest	**1,827**	1,920
	1,834	1,941

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020	2019
	£'000	£'000
Bank borrowings	**1,755**	1,833
Amounts payable to group undertakings	**313**	326
Commitment fees	**2**	3
	2,070	2,162

7. **TAXATION**

Analysis of the tax charge
The tax charge on the profit for the year was as follows:

	2020	2019
	£'000	£'000
Current tax:		
UK corporation tax	23	31
Tax on profit	23	31

UK corporation tax has been charged at the standard rate of 19% (2019: 19%).

Reconciliation of total tax charge included in profit and loss
The tax assessed for the year is the same as the standard rate of corporation tax in the UK (2019: same as). The difference is explained below:

	2020	2019
	£'000	£'000
Profit before tax	123	161
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	23	31
Total tax change	23	31

Tax effects relating to effects of other comprehensive income

		2020	
	Gross	Tax	Net
	£'000	£'000	£'000
Change in fair value of cash flow hedge	(473)	296	(177)

		2019	
	Gross	Tax	Net
	£'000	£'000	£'000
Change in fair value of cash flow hedge	(42)	7	(35)

Factors affecting the tax charges in future years
An increase in the UK corporation tax rate from 17% to 19% (effective from 1 April 2020) was substantively enacted on 17 March 2020, and the UK deferred tax asset as at 31 December 2020 has been calculated based on this rate. In the 3 March 2021 Budget it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will have a consequential effect on the Company's future tax charge. If this rate change had been substantively enacted at the current balance sheet date the deferred tax asset would have increased by £646,000.

8. **DIVIDENDS**

	2020	2019
	£'000	£'000
Ordinary shares of £1 each		
Interim dividend	187	67

9. **DEBTORS**

	2020	2019
	£'000	£'000
Amounts falling due within one year:		
Amounts receivable in respect of financial assets	1,482	896
Prepayments and accrued income	114	103
	1,596	999

9. DEBTORS – continued

	2020 £'000	2019 £'000
Amounts falling due after more than one year:		
Amounts receivable in respect of financial assets	25,605	27,757
Deferred tax asset	2,046	1,750
	27,651	29,507
Aggregate amounts	29,247	30,506

Deferred tax asset consists of:

	2020 £'000	2019 £'000
Fair value of Cash Flow Hedge	2,046	1,750

	2020 £'000
Balance at 1 January 2020	1,750
Movement in the year (note 7)	296
As at 31 December 2020	2.046

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £'000	2019 £'000
Bank loans (see note 12)	2,093	1,905
Trade creditors	148	85
Amounts owed to group undertakings	241	230
Accruals and deferred income	234	430
	2,716	2,650

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

	2020 £'000	2019 £'000
Bank loans (see note 12)	25,231	26,882
Amounts owed to group undertakings	2,370	2,536
	27,601	29,418

12. LOANS

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

	2020	2019
	£'000	£'000
Repayment schedule of the bank loan:		
Wholly repayable within five years	8,229	7,769
Not wholly repayable within five years	18,942	20,868
	27,171	28,637

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 2020, £27,171,000 (2019: £28,637,000) has been drawn comprising £27,171,000 (2019: £28,637,000) term loan. 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 £419,000 (2019: £439,000) of accrued interest and an effective interest rate adjustment of £266,000 (2019: £289,000) 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 charger.

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

	2020	2019
	£'000	£'000
Repayment schedule of the group loan:		
Wholly repayable within five years	862	771
Not wholly repayable within five year	1,674	1,898
	2,536	2,669

Amounts owed to group undertakings comprise loan stock of £2,536,000 (2019: £2,669,000) 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 £75,000 (2019: £81,000) 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 charger.

13. OTHER FINANCIAL LIABILITIES

	2020	2019
	£'000	£'000
Other financial liability:		
Swap liability	10,769	10,296

	Swap liability £'000
Balance at 1 January 2020	10,296
Debit to Statement of Comprehensive Income during the year	473
Balance at 31 December 2020	10,769

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 2020 was a liability of £10,769,000 (2019: liability of £10,296,000). Net losses of £473,000 (2019: losses of £42,000) were recognised in other comprehensive income and gains of £nil (2019: 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 (2019: £nil) was reclassified to profit or loss for the period.

14. CALLED UP SHARE CAPITAL

Allotted and issued:

Number:	Class:	Nominal value:	2020 £'000	2019 £'000
10,000	Ordinary	£1	10	10

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.

15. ULTIMATE PARENT COMPANY

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 3 More London Riverside, London, SE1 2AQ.

16. RELATED PARTY DISCLOSURES

During the year ended 31 December 2020, the Company received management services from Inspiredspaces Nottingham Limited, a company in which the International Public Partnership Limited Group had joint control, at a cost of £224,000 (2019: £218,000). From December 2020 the management services contract was terminated and a new management services provider, Amber Asset Management Limited, was put in place. The Company owed Inspiredspaces Nottingham Limited £22,000 (2019: £22,000) at the year end.

The Company also received Director services during the year from Nottingham City Council, at a cost of £7,000 (2019: £7,000). Nottingham City Council had joint control of Inspiredspaces Nottingham Ltd, an entity which was considered to have significance influence in the Company. The Company owed Nottingham City Council £nil (2019: £nil) at the year end.