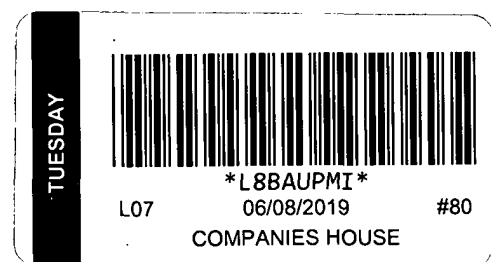


REGISTERED NUMBER: 06569899 (England and Wales)

**Directors' Report and
Consolidated Financial Statements
for the Year Ended 31 December 2018
for
Inspiredspaces Tameside (Holdings1)
Limited**



**Inspiredspaces Tameside (Holdings1)
Limited**

**Contents of the Consolidated Financial Statements
for the year ended 31 December 2018**

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**Inspiredspaces Tameside (Holdings1)
Limited**

**Company Information
for the year ended 31 December 2018**

DIRECTORS:

S Pleasant
K J Edwards
D C Ward
T P Wilkinson
K L Flaherty

REGISTERED OFFICE:

3 More London Riverside
London
SE1 2AQ

REGISTERED NUMBER:

06569899 (England and Wales)

AUDITOR:

KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

**Inspiredspaces Tameside (Holdings1)
Limited**

**Directors' Report
for the year ended 31 December 2018**

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2018.

PRINCIPAL ACTIVITY

The principal activity is that of a holding company with a single subsidiary, Inspiredspaces Tameside (Projectco1) Limited.

Inspiredspaces Tameside (Projectco1) Limited was established to undertake 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-seven years pursuant to and in accordance with the terms of an agreement with the Tameside Metropolitan Borough Council. This agreement together with a loan facilities agreement, a construction contract, a facilities management contract and other related contracts was signed on 4 February 2009. Construction of the schools commenced in February 2009 and was completed in May 2011.

REVIEW OF BUSINESS

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

The consolidated statement of comprehensive income set out on page 7 shows a profit for the financial year of £79,000 (2017: £49,000).

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

DIVIDENDS

The directors did not recommend the payment of a dividend (2017: £75,000).

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2018 to the date of this report.

S Pleasant
K J Edwards
D C Ward
K L Flaherty

Other changes in directors holding office are as follows:

R Monk - resigned 6 February 2018
T P Wilkinson - appointed 6 February 2018

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the group's strategy are subject to a number of risks. The key business risks affecting the group are considered to relate to cash flow management, facility management compliance and review of the insurance cover and lifecycle profile. The group is exposed to inflation risk as some of its operational costs are RPI linked. This risk is mitigated as an element of the group'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.

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.

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.

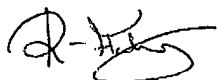
**Inspiredspaces Tameside (Holdings1)
Limited**

**Directors' Report
for the year ended 31 December 2018**

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: 26 JUNE 2019

**Statement of Directors' Responsibilities
for the year ended 31 December 2018**

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 group and parent company 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 group and parent company and of their profit or loss of the group and parent company for the period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- assess the group and parent 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 group or parent 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 group and parent company's transactions and disclose with reasonable accuracy at any time the financial position of the group and parent 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 group and parent company and to prevent and detect fraud and other irregularities.

**Independent Auditor's Report to the Members of
Inspiredspaces Tameside (Holdings1)
Limited**

Opinion

We have audited the financial statements of inspiredspaces Tameside (HoldCo1) Limited ("the company") for the year ended 31 December 2018 which comprise the Consolidated Statement of Comprehensive Income, Consolidated and Company Balance Sheet, Consolidated, Company Statement of Changes in Equity, Consolidated Cash Flow Statement 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 group and of the company's affairs as at 31 December 2018 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").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

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 absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

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.

**Independent Auditor's Report to the Members of
Inspiredspaces Tameside (Holdings1)
Limited**

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.



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: 28 June 2019

**Inspiredspaces Tameside (Holdings1)
Limited**

**Consolidated Statement of Comprehensive Income
for the year ended 31 December 2018**

	Notes	2018 £'000	2017 £'000
TURNOVER		2,513	2,217
Cost of sales		(2,179)	(1,964)
GROSS PROFIT		334	253
Administrative expenses		(3)	-
OPERATING PROFIT	3	331	253
Interest receivable and similar income	4	2,597	2,699
		2,928	2,952
Interest payable and similar expenses	5	(2,831)	(2,891)
PROFIT BEFORE TAXATION		97	61
Tax on profit	6	(18)	(12)
PROFIT FOR THE FINANCIAL YEAR		79	49
OTHER COMPREHENSIVE INCOME			
Change in fair value of cash flow hedge		1,558	1,057
Income tax relating to other comprehensive income		(265)	(179)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		1,293	878
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,372	927
Profit attributable to: Owners of the parent		79	49
Total comprehensive income attributable to: Owners of the parent		1,372	927

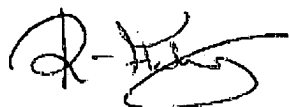
The notes form part of these financial statements

Inspiredspaces Tameside (Holdings)1
Limited (Registered number: 06569899)

Consolidated Balance Sheet
31 December 2018

	Notes	2018 £'000	2017 £'000
CURRENT ASSETS			
Debtors: amounts falling due within one year	10	1,610	1,479
Debtors: amounts falling due after more than one year	10	38,163	39,244
Cash at bank		<u>4,495</u>	<u>3,182</u>
		44,268	43,905
CREDITORS			
Amounts falling due within one year	11	<u>(3,970)</u>	<u>(2,398)</u>
NET CURRENT ASSETS		<u>40,298</u>	<u>41,507</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		40,298	41,507
CREDITORS			
Amounts falling due after more than one year	12	(38,455)	(39,478)
OTHER FINANCIAL LIABILITIES AND PROVISIONS	14	<u>(10,116)</u>	<u>(11,674)</u>
NET LIABILITIES		<u>(8,273)</u>	<u>(9,645)</u>
CAPITAL AND RESERVES			
Called up share capital	15	10	10
Other reserves	16	(8,396)	(9,689)
Retained earnings	16	<u>113</u>	<u>34</u>
SHAREHOLDERS' DEFICIT		<u>(8,273)</u>	<u>(9,645)</u>

The financial statements were approved by the Board of Directors on 26 JUNE 2019 and were signed on its behalf by:



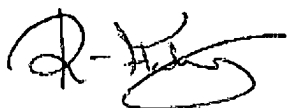
.....
K L Flaherty - Director

**Inspiredspaces Tameside (Holdings1)
Limited (Registered number: 06569899)**

**Company Balance Sheet
31 December 2018**

	Notes	2018 £'000	2017 £'000
FIXED ASSETS			
Investments	9	10	10
CURRENT ASSETS			
Debtors: amounts falling due within one year	10	717	182
Debtors: amounts falling due after more than one year	10	<u>3,899</u>	<u>3,958</u>
		4,616	4,140
CREDITORS			
Amounts falling due within one year	11	<u>(717)</u>	<u>(182)</u>
NET CURRENT ASSETS		<u>3,899</u>	<u>3,958</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,909	3,968
CREDITORS			
Amounts falling due after more than one year	12	<u>(3,899)</u>	<u>(3,958)</u>
NET ASSETS		<u>10</u>	<u>10</u>
CAPITAL AND RESERVES			
Called up share capital	15	<u>10</u>	<u>10</u>
SHAREHOLDERS' FUNDS		<u>10</u>	<u>10</u>
Company's profit for the financial year		<u>-</u>	<u>75</u>

The financial statements were approved by the Board of Directors on 26 June 2019 and were signed on its behalf by:



.....
K L Flaherty - Director

**Inspiredspaces Tameside (Holdings1)
Limited**

**Consolidated Statement of Changes in Equity
for the year ended 31 December 2018**

	Called up share capital £'000	Retained earnings £'000	Other reserves £'000	Total equity £'000
Balance at 1 January 2017	10	60	(10,567)	(10,497)
Changes in equity				
Dividends	-	(75)	-	(75)
Total comprehensive income	-	49	878	927
Balance at 31 December 2017	<u>10</u>	<u>34</u>	<u>(9,689)</u>	<u>(9,645)</u>
Changes in equity				
Total comprehensive income	-	79	1,293	1,372
Balance at 31 December 2018	<u>10</u>	<u>113</u>	<u>(8,396)</u>	<u>(8,273)</u>

**Inspiredspaces Tameside (Holdings1)
Limited**

**Company Statement of Changes in Equity
for the year ended 31 December 2018**

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2017	10	-	10
Changes in equity			
Dividends	-	(75)	(75)
Total comprehensive income	-	75	75
Balance at 31 December 2017	<u>10</u>	<u>-</u>	<u>10</u>
Changes in equity			
Total comprehensive income	-	-	-
Balance at 31 December 2018	<u>10</u>	<u>-</u>	<u>10</u>

**Inspiredspaces Tameside (Holdings1)
Limited**

**Consolidated Cash Flow Statement
for the year ended 31 December 2018**

	Notes	2018 £'000	2017 £'000
Cash flows from operating activities			
Cash generated from operations	19	2,049	1,838
Interest paid		(2,262)	(2,792)
Interest received		2,597	2,699
Equity dividends paid		-	(75)
Tax paid		(12)	(15)
Net cash from operating activities		<u>2,372</u>	<u>1,655</u>
 Cash flows from financing activities			
Decrease in bank borrowings		(1,059)	(1,182)
Equity dividends paid		-	(57)
Net cash outflow from financing activities		<u>(1,059)</u>	<u>(1,239)</u>
 Increase in cash and cash equivalents		1,313	416
Cash and cash equivalents at beginning of year		3,182	2,766
		<hr/>	<hr/>
Cash and cash equivalents at end of year		<u>4,495</u>	<u>3,182</u>

**Notes to the Consolidated Financial Statements
for the year ended 31 December 2018**

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

Inspiredspaces Tameside (Holdings1) Limited (the "Company") is a company limited by shares and incorporated and domiciled 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") 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, which is the functional currency of the company. 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 accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Basis of consolidation

The group accounts consolidate the accounts of Inspiredspaces Tameside (Holdings1) Limited and its subsidiary undertaking for the year ended 31 December 2018 using the acquisition method. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal. All inter-company balances, transactions and profits are eliminated on consolidation. No profit and loss account is presented for the Company as permitted by section 408 of the Companies Act 2006. The company's result for the year was £Nil, (2017: £75,000).

Going concern

The financial statements have been prepared on the going concern basis which assumes that the company will continue in operational existence for the foreseeable future. The directors believe the going concern basis to be appropriate as Inspiredspaces Tameside (Projectco1) Limited, the underlying project company which an investment is held in, is sufficiently cash generative to fully repay the debt and other expenses.

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

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

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 measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

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.

**Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2018**

1. ACCOUNTING POLICIES - continued

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.

Service concession - financial assets

The company is a special purpose entity that has been established to provide services under certain private finance agreements with Tameside Metropolitan Borough 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. Foreign currency gains and losses are reported on a net basis.

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.

Management consider that the key judgement involves management's forecast of future lifecycle costs which impacts the calculation of the service margin being applied.

Investments

In the company's financial statements fixed asset investments are stated at cost less provision for any impairment in the carrying value of the investment

2. STAFF COSTS AND DIRECTOR'S REMUNERATION

There were no employees during the year (2017: none). The directors have no contract of service with the company (2017: none). Amounts payable to third parties in respect of directors' services totalled £90,000 (2017: £32,000).

**Inspiredspaces Tameside (Holdings1)
Limited**

**Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2018**

3. OPERATING PROFIT

The following costs were incurred during the year:

	2018 £'000	2017 £'000
Auditor's remuneration:		
Audit of these financial statements	1	1
Audit of subsidiary accounts pursuant to legislation	9	9
	<u>10</u>	<u>10</u>

The company's audit fee was borne by its subsidiary undertaking in both years.

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2018 £'000	2017 £'000
Interest on financial assets	2,584	2,688
Bank interest receivable	13	11
	<u>2,597</u>	<u>2,699</u>

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	2018 £'000	2017 £'000
Bank borrowings	2,354	2,421
Interest payable to group undertakings	477	470
	<u>2,831</u>	<u>2,891</u>

6. TAXATION

Analysis of the tax charge

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

	2018 £'000	2017 £'000
Current tax:		
UK corporation tax	18	12
Tax on profit	<u>18</u>	<u>12</u>

UK corporation tax was charged at 19% in 2018.

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.

	2018 £'000	2017 £'000
Profit before tax	<u>97</u>	<u>61</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19.250%)	18	12
Total tax charge	<u>18</u>	<u>12</u>

**Inspiredspaces Tameside (Holdings1)
Limited**

**Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2018**

6. TAXATION – continued

Tax effects relating to effects of other comprehensive income

	Gross	2018	Net
	£'000	Tax	£'000
		£'000	£'000
Change in fair value of cash flow hedge	<u>1,558</u>	<u>(265)</u>	<u>1,293</u>
	Gross	2017	Net
	£'000	Tax	£'000
		£'000	£'000
Change in fair value of cash flow hedge	<u>1,057</u>	<u>(179)</u>	<u>878</u>

Factors affecting the tax charges in future years

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) was substantively enacted on 26 October 2015. A further reduction to 18% (effective 1 April 2020) was 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 2018 has been calculated based on these rates.

7. PROFIT OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £Nil (2017: £75,000).

8. DIVIDENDS

	2018	2017
	£'000	£'000
Ordinary shares of £1 each		
Interim dividend	<u>-</u>	<u>75</u>
	<u>-</u>	<u>75</u>

9. FIXED ASSET INVESTMENTS

Company

	Interest
	in
	subsidiary
	undertakings
	£'000
COST	
At 1 January 2018	
and 31 December 2018	<u>10</u>
NET BOOK VALUE	
At 31 December 2018	<u>10</u>
At 31 December 2017	<u>10</u>

Shares in subsidiary undertaking represent a holding of 100% of the ordinary share capital of Inspiredspaces Tameside (Projectco1) Limited. This company is incorporated in the United Kingdom, registered at 3 More London Riverside, London, SE1 2AQ, and its sole purpose is the design, build, maintenance and operation of a series of schools under the Private Finance Initiative.

**Inspiredspaces Tameside (Holdings1)
Limited**

**Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2018**

10. DEBTORS

	Group		Company	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Amounts owed by group undertakings	-	-	717	182
Amounts receivable in respect of finance debtor	1,078	1,352	-	-
Prepayments and accrued income	<u>532</u>	<u>127</u>	<u>-</u>	<u>-</u>
	<u>1,610</u>	<u>1,479</u>	<u>717</u>	<u>182</u>

	Group		Company	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Amounts falling due after more than one year:				
Amounts owed by group undertakings	-	-	3,899	3,958
Amounts receivable in respect of finance debtor	36,443	37,259	-	-
Deferred tax asset	<u>1,720</u>	<u>1,985</u>	<u>-</u>	<u>-</u>
	<u>38,163</u>	<u>39,244</u>	<u>3,899</u>	<u>3,958</u>

Aggregate amounts	<u>39,773</u>	<u>40,723</u>	<u>4,604</u>	<u>4,140</u>
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Deferred tax asset consists of:

	Group	Group	Company	Company
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Fair value of Cash Flow Hedge	<u>1,720</u>	<u>1,985</u>	<u>-</u>	<u>-</u>

	Group
	2018
	£'000
Balance at 1 January 2018	1,985
Movement in the year (note 6)	<u>(265)</u>
As at 31 December 2018	<u>1,720</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Bank loans and overdrafts (see note 13)	1,639	1,630	-	-
Trade creditors	151	175	-	-
Amounts owed to shareholders	717	182	717	182
Corporation tax	18	12	-	-
Accruals and deferred income	<u>1,445</u>	<u>399</u>	<u>-</u>	<u>-</u>
	<u>3,970</u>	<u>2,398</u>	<u>717</u>	<u>182</u>

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

	Group		Company	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Bank loans (see note 13)	34,556	35,520	-	-
Amounts owed to shareholders	<u>3,899</u>	<u>3,958</u>	<u>3,899</u>	<u>3,958</u>
	<u>38,455</u>	<u>39,478</u>	<u>3,899</u>	<u>3,958</u>

13. LOANS

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

	Group	Group	Company	Company
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Repayment schedule of the bank loan:				
Wholly repayable within five years	7,368	6,768	-	-
Not wholly repayable within five years	<u>29,133</u>	<u>30,792</u>	<u>-</u>	<u>-</u>
	<u>36,501</u>	<u>37,560</u>	<u>-</u>	<u>-</u>

Bank borrowings relate to term loan facilities granted by the bank on 4 February 2009. The loan facility is for a total value of £49,285,000 comprising of a £44,826,000 term loan facility, a £3,429,000 equity bridge facility and a £1,030,000 debt service reserve facility. As at 31 December 2018 £36,501,000 (2017: £37,560,000) has been drawn comprising term loans only. There was £554,000 (2017: £570,000) of accrued interest and an effective interest rate adjustment of £860,000 (2017: £980,000) on these loans outstanding at the year end.

The term loan is repayable in six-monthly instalments ending on 29 February 2036. Interest is charged on amounts drawn under the facilities based on floating LIBOR. The company has entered into an interest hedging agreement to be applied to the expected future borrowings under the facilities. The hedging agreements in respect of these loans fix the interest rate at 4.326% until 28 September 2035 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 group 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 shareholder loan is given below:

	Group	Group	Company	Company
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Repayment schedule of the shareholder loan:				
Wholly repayable within five years	501	388	501	388
Not wholly repayable within five years	<u>3,521</u>	<u>3,634</u>	<u>3,521</u>	<u>3,634</u>
	<u>4,022</u>	<u>4,022</u>	<u>4,022</u>	<u>4,022</u>

**Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2018**

13. LOANS- continued

The company has invested £4,022,000 (2017: £4,022,000) loan stock in the undertaking in which it has taken an interest. In turn, the company's shareholders have invested £4,022,000 (2017: £4,022,000) of loan stock in the company. Both investments were made on 30 September 2011 and are repayable in instalments on or before 31 August 2036. This loan has a fixed interest rate of 11.55% and is unsecured. There was £594,000 (2017: £118,000) of accrued interest on these loans outstanding at the year end.

14. OTHER FINANCIAL LIABILITIES AND PROVISIONS

	Group	
	2018	2017
	£'000	£'000
Other provisions		
Swap liability	<u>10,116</u>	<u>11,674</u>
Aggregate amounts	<u>10,116</u>	<u>11,674</u>
Group		
		Swap Liability
		£'000
Balance at 1 January 2018		11,674
Change in fair value of hedge		<u>(1,558)</u>
Balance at 31 December 2018		<u>10,116</u>

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 three 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 2018 was a liability of £10,116,000 (2017: liability of £11,674,000). Net gains of £1,558,000 (2017: gains of £1,057,000) were recognised in other comprehensive income and gains of £Nil (2017: 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 (2017: £Nil) was reclassified to profit or loss for the period.

15. CALLED UP SHARE CAPITAL

	2018	2017
	£	£
Allotted, called up and fully paid		
7,200 A ordinary shares of £1 each	7,200	7,200
900 B ordinary shares of £1 each	900	900
900 C ordinary shares of £1 each	900	900
1,000 D ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
	<u>10,000</u>	<u>10,000</u>

The A ordinary shares, B ordinary shares, C ordinary shares and D ordinary shares rank pari passu in all respects. 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.

**Inspiredspaces Tameside (Holdings1)
Limited**

**Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2018**

16. RESERVES

Group

	Retained earnings £'000	Other reserves £'000	Totals £'000
At 1 January 2018	34	(9,689)	(9,655)
Profit for the year	79		79
Effective portion of changes in fair value of cash flow hedge (net of tax)	-	<u>1,293</u>	<u>1,293</u>
At 31 December 2018	<u>113</u>	<u>(8,396)</u>	<u>(8,283)</u>

Company

	Retained earnings £'000
Profit for the year	-
At 31 December 2018	<u>-</u>

Cash flow hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred, and is stated net of tax.

17. RELATED PARTY DISCLOSURES

Administrative, construction, financial and technical services were provided to the company during the year by companies related to Building Schools for the Future Investments LLP, an entity which has significant influence in the company, at a cost of £45,000 (2017: £16,000). These services were also provided by Inspiredspaces Tameside Limited, an entity which has significant influence in the company, at a cost of £312,000 (2017: £290,000) and by Tameside Metropolitan Borough Council, an entity which has significant influence in the company, at a cost of £45,000 (2017: £16,000). The company also incurred insurance costs of £76,000 (2017: £86,000) from Tameside Metropolitan Borough Council.

As at 31 December 2018 £4,000 (2017: £4,000) was owed to companies related to Building Schools for the Future Investments LLP, £20,000 (2017: £29,000) to Inspiredspaces Tameside Limited and £96,000 (2017: £155,000) to Tameside Metropolitan Borough Council.

18. PARENT UNDERTAKINGS

At 31 December 2018 the share capital of Inspiredspaces Tameside (Holdings1) Limited was held 45% each by Tameside Metropolitan Borough Council and Building Schools for the Future Investments LLP and 10% by Inspiredspaces Tameside Limited. All of these companies are incorporated in the UK. The directors do not consider there to be an ultimate controlling party.

19. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2018 £'000	2017 £'000
Profit before taxation	97	61
Finance costs	2,831	2,891
Finance income	<u>(2,597)</u>	<u>(2,699)</u>
	331	253
Decrease in trade and other debtors	684	1,467
Decrease in trade and other creditors	<u>1,034</u>	<u>118</u>
Cash generated from operations	<u>2,049</u>	<u>1,838</u>