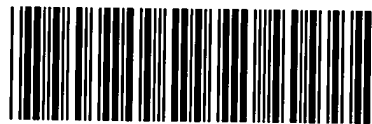


EQUITIX DERBYSHIRE LIMITED

DIRECTOR'S REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

Registered Number: 06813898

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ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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DIRECTORS AND ADVISORS

Directors

David Harding
Richard Knight

Registered office

Welken House
10-11 Charterhouse Square
London
EC1M 6EH

Independent Auditor:

KPMG LLP
15 Canada Square
London
E14 5GL

Banker

HSBC BANK PLC
8 Canada Square
London
E14 5HQ

DIRECTORS' REPORT

The Directors submit their Directors report and the audited financial statements of Equitix Derbyshire Limited (the "Company"), together with the financial statements and auditor's report, for the year ended 31 December 2017. The subsidiary and associated undertakings principally affecting the profits or net assets of the Company in the year are listed in note 12 to the financial statements. The group qualifies as a small group under section 383 of The Companies Act 2006 and is not required to produce consolidated financial statements.

PRINCIPAL ACTIVITIES

The principal activity of the Company is to act as intermediate holding company to the Equitix Derbyshire project companies: Derbyshire Learning and Community Partnership Limited, Equitix Education (Derbyshire) Holdings Limited and Equitix Education (Derbyshire) Limited.

FUTURE DEVELOPMENTS

The Directors of the Company are not aware of any circumstances in which the principal activity of the company would alter or cease.

RESULTS AND DIVIDENDS

The profit and loss account is presented on page 5 and shows the result for the current year and preceding year.

The Company did not pay a dividend in the year (2016: 11k).

GOING CONCERN

The Company's forecasts and projections, taking account of reasonably possible changes in trading performance show that the Company should be able to operate within the level of its current resources. The Directors of the Company have had regard in this assessment to the support available from other Group companies and their ability to provide this support. As a consequence, the Directors believe the Company is well placed to manage its risks successfully despite the current economic uncertainties and the economic outlook. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the period of at least 12 months from the date of the financial statements, taking into account both the profit in the year and the net assets position at the year end. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

FINANCIAL RISK MANAGEMENT

The Directors' Report has been prepared in accordance with the special provisions relating to small companies under s415a of the Companies Act 2006. As such, the Company is exempt from preparing a strategic report and from including financial risk management disclosures in the Directors' Report.

STRATEGIC REPORT EXEMPTION

The Directors report has been prepared in accordance with the special provisions relating to small companies under section 41s of the Companies Act 2006. As such the company is exempt from preparing a strategic report.

DIRECTORS

The Directors who served throughout the year, are shown on page 1.

AUDITOR

Each of the persons who is a Director at the date of approval of this annual report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

KPMG LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.



On behalf of the Board
D J Harding
Director
30 April 2018

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

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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters 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.

By order of the Board



D J Harding
30 April 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EQUITIX DERBYSHIRE LIMITED

Opinion

We have audited the financial statements of Equitix Derbyshire Limited for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its result 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

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 twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

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 3, 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EQUITIX DERBYSHIRE LIMITED (CONTINUED)

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.



Henry Todd (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

15 Canada Square, London, E14 5GL
30 April 2018

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Year ended 31 December 2017 £'000	Year ended 31 December 2016 £'000
Net interest received	3	33	34
Net interest payable	3	(33)	(34)
Net interest result		<u>-</u>	<u>-</u>
Dividend received from subsidiary		-	11
Profit on ordinary activities before taxation	2	<u>-</u>	<u>11</u>
Tax on profit on ordinary activities	4	-	-
Profit on ordinary activities after taxation		<u>-</u>	<u>11</u>
Profit for the financial year		<u>-</u>	<u>11</u>

All items in the profit and loss account relate to continuing operations.

The notes on pages 10 to 14 form an integral part of these Financial Statements.

All gains and losses are recognised in the profit and loss account in the current and prior year, and therefore no separate statement of other comprehensive income has been presented.

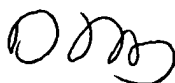
EQUITIX DERBYSHIRE LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2017

	Notes	2017 £'000	2016 £'000
Investments	5	13	13
Current assets			
Debtors			
- due within year	6	18	17
- due after one year	6	454	270
		<u>472</u>	<u>287</u>
Current liabilities			
Creditors: amounts falling due within one year	7	(31)	(30)
Net current assets		<u>441</u>	<u>257</u>
Total assets less current liabilities		<u>454</u>	<u>270</u>
Creditors: amounts falling due after more than one year	7	(454)	(270)
Net liabilities		<u>-</u>	<u>-</u>
Capital and reserves			
Called up share capital	9	-	-
Profit and loss account		-	-
Shareholder's funds		<u>-</u>	<u>-</u>

The notes on pages 10 to 14 form an integral part of these Financial Statements.

The financial statements of Equitix Derbyshire Limited, registered number 06813898, were approved by the Board of Directors on 30 April 2018 and were signed on its behalf by:



D J Harding
Director

EQUITIX DERBYSHIRE LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	Share Capital £'000	Profit and Loss Account £'000	Total £'000
Balance at 1 January 2016	-	-	-
Profit for the year	-	11	11
Dividend Paid	-	(11)	(11)
At 31 December 2016	-	-	-
Profit for the year	-	-	-
At 31 December 2017	-	-	-

The notes on pages 10 to 14 form an integral part of these Financial Statements.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £'000	2016 £'000
Cash flows from operations			
Interest received	3	33	34
Repayment of subordinated debt		6	3
Equity dividends received from subsidiary		0	11
		<u>39</u>	<u>48</u>
Net cash flows from operating activities		<u>39</u>	<u>48</u>
Taxation			
Corporation tax paid		-	-
Financing			
Repayment of parent company loan		(6)	(3)
Interest paid to immediate parent		(33)	(34)
Equity dividends paid		-	(11)
Loans received from subsidiary		188	-
Loans paid to parent		(188)	-
Movement in cash in the year		<u>-</u>	<u>-</u>
Cash and cash equivalents at beginning of year		-	-
Cash and cash equivalents at end of year		<u>-</u>	<u>-</u>

The notes on pages 10 to 14 form an integral part of these Financial Statements.

Notes to the financial statements for the year ended 31 December 2017

1 ACCOUNTING POLICIES**a) Basis of preparation of accounts**

The financial statements have been prepared under the historical cost convention and in accordance with FRS 102 the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland as issued in August 2014. The amendments to FRS 102 issued in July 2015 have been applied. A summary of the principal accounting policies adopted by the Directors, which have been applied consistently in the current period, is shown below. Consolidated financial statements have not been prepared for the company and its joint ventures since the group satisfies the definition of a small group and has applied the exemption available under s383 of the Companies Act 2006.

b) Investments

Investments are shown at cost less provision for impairment.

c) Taxation

Current tax, including United Kingdom Corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

d) Going concern

The financial statements have been prepared on the going concern basis for the reasons set out in the Directors' Report.

e) Dividends

Equity dividends are recognised once a legal right to receive is forecast has been established.

f) Assessable risks*Credit risk*

The Company is not exposed to significant credit risk as the Company's sole and principal activity is to act as intermediate holding company to the Equitix Derbyshire project companies: Derbyshire Learning and Community Partnerships Limited, Equitix Education (Derbyshire) Holdings Limited and Equitix Education (Derbyshire) Limited.

Liquidity risk

The Company is not exposed to significant liquidity risk as the Company's sole and principal activity is to act as an intermediate holding company as outlined above.

Foreign exchange risk

The Company does not currently have any exposure to foreign currency exchange risk, nor does it have any immediate plans to geographically deviate its focus.

Interest rate risk

The Company is not exposed to interest rate risk.

2 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities before taxation of the Company is attributable to the principal activity of the Company, all of which was carried out in the United Kingdom.

Fees of £780 (2016: £765) payable to the Company's auditor for the audit of the Company's annual accounts have been borne by Equitix Capital Eurobond Limited, the parent company of Equitix Education Limited, the Group's parent company.

No staff were directly employed by the Company (2016: none).

No Directors received any remuneration for services to the Company during the year (2016: £nil).

3 NET INTEREST**Interest receivable**

Interest receivable from related parties (note 10)

2017
£'000

2016
£'000

33 34

Interest payable

Interest payable to parent company (note 10)

Interest payable to related parties (note 10)

(33) (34)

- -

Net interest

- -

Notes to the financial statements for the year ended 31 December 2017 (continued)

4 TAX ON PROFIT ON ORDINARY ACTIVITIES

	Year ended 31 December 2017 £'000	Year ended 31 December 2016 £'000
--	---	---

Taxation is based on the result for the year and comprises:

UK corporation tax at a rate of 19.25% (2016 - 20%) of taxable loss
- Current year

	-	-
--	---	---

Factors affecting the tax charge for the current year

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the (loss) / profit before tax are as follows:

Result on ordinary activities before tax	-	11
Result on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19.25% (2016 - 20%).	-	(2)
Effects of adjustments to tax charge:		
Non-taxable income	-	2
Total current tax credit for the year	-	-

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.

5 INVESTMENTS

	2017 £'000	2016 £'000
--	---------------	---------------

Interest in subsidiary undertakings

Cost		
Opening balance at 1 January	13	13
Additions	-	-
Closing balance at 31 December	13	13

6 DEBTORS

	2017 £'000	2016 £'000
--	---------------	---------------

Due within one year

Amounts owing from parent undertaking	1	1
Amounts owing from fixed asset investment	-	-
Amounts due from related parties (note 11)	-	-
Amounts owing from subsidiary	15	14
Other debtors	2	2
	18	17

Due after more than one year

Amounts owing from subsidiary	266	270
Amounts owing from parent undertaking	188	-
	454	270

Included in amounts due within one year is £15k (2016 - £14k) of interest receivable and £4k (2016: £3k) of principal on loan notes from Derbyshire Learning and Community Partnerships Limited; included within amounts due after more than one year is £270k (2016 - £270k) of loan notes receivable from Derbyshire Learning and Community Partnerships Limited, which bear interest at a rate of 12%.

During the year the Derbyshire BSF project was refinanced resulting in a total upfront gain to ultimate shareholders of £188k which was paid in the form of an upstream loan. The loan is repayable on the earlier of the expiry or termination of the project and bears interest at a rate of 2.86%.

Notes to the financial statements for the year ended 31 December 2017 (continued)

7 CREDITORS

	2017 £'000	2016 £'000
<u>Due within one year</u>		
Accruals	(3)	(3)
Amounts payable to parent undertakings	(28)	(27)
Amounts payable to subsidiaries	-	-
	<u>(31)</u>	<u>(30)</u>
<u>Due after more than one year</u>		
Amounts payable to parent undertaking	(266)	(270)
Amounts payable to subsidiaries	(188)	-
	<u>(454)</u>	<u>(270)</u>

Amounts payable to parent undertakings are composed of interest and principal due on the subordinated debt borrowings from Equitix Education Ltd referred to in note 8.

Included within amounts payable to parent undertakings due after more than one year is a subordinated loan the Company has borrowed to fund its investment obligations in Derbyshire Learning and Community Partnerships Ltd of £266k (2016 - £270k) from its parent company Equitix Education Limited. This loan has a fixed interest rate of 12% and is repayable in instalments based on a percentage of the total outstanding balance over the next 25 years.

On 6 December 2017 the Company entered into a loan agreement with Derbyshire Learning and Community Partnerships totalling £188k as a result of the project being refinanced and the upfront gain being paid to shareholders; this loan has a fixed interest of 2.86% and was outstanding in full and due in more than one year at year end.

8 FINANCIAL INSTRUMENTS

Interest rate and risk profile of financial assets and financial liabilities**Financial**

The Company has no financial assets, other than short-term debtors, subordinated debt due from the fixed asset investment and cash at bank. The book value of these assets approximates their fair value.

Financial**Composition of borrowings:**

	2017 £'000	2016 £'000
Fixed rate liabilities	(482)	(297)

Interest rate

The interest rate profile of the Company's financial liabilities at 31 December 2017 was:

Fixed rate financial liabilities

	2017 Sterling	2016 Sterling
Currency:		
Weighted average interest rate (%):	8.2%	12.0%
Weighted average period for which rate is fixed	22.0	23.0

Borrowing facilities

The Company has various undrawn committed borrowing facilities. The facilities available at 31 December 2017 in respect of which all conditions precedent had been met were as follows:

	2017 £'000	2016 £'000
Expiring in one year or less	4	3
Expiring in more than one year but not more than two	5	4
Expiring in more than two years but less than five	19	17
Expiring in more than five years	<u>431</u>	<u>249</u>
	<u>459</u>	<u>273</u>

Notes to the financial statements for the year ended 31 December 2017 (continued)

9 CALLED UP SHARE CAPITAL

	2017	2016
Issued and unpaid:		
100 Ordinary share at £1	<u>100</u>	<u>100</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. There are no associated rights or preferences relating to the Ordinary Shares.

10 TRANSACTIONS WITH RELATED PARTIES

<u>Profit and loss account transactions</u>	Interest receivable	Interest payable
Party	2017	2017
	£'000	£'000
Equitix Education Limited	-	(33)
Derbyshire Learning and Community Partnerships Ltd	33	-

<u>Profit and loss account transactions</u>	Interest receivable	Interest payable
Party	2016	2016
	£'000	£'000
Equitix Education Limited	-	(34)
Derbyshire Learning and Community Partnerships Ltd	34	-

Interest receivable from Derbyshire Learning and Community Partnerships Ltd represents interest on a subordinated loan arrangement as disclosed in note 6.

Interest payable to Equitix Education Limited represents interest on a subordinated loan arrangement as disclosed in note 7.

<u>Balance sheet items</u>	Debtors	Creditors
	2017	2017
	£'000	£'000
Party		
Equitix Education Limited	190	(486)
Derbyshire Learning and Community Partnerships Ltd	282	(188)

<u>Balance sheet items</u>	Debtors	Creditors
	2016	2016
	£'000	£'000
Party		
Equitix Education Limited	1	(300)
Derbyshire Learning and Community Partnerships Ltd	286	-

Included in debtors with Derbyshire Learning and Community Partnerships Ltd are outstanding amounts relating to business administration services.

EQUITIX DERBYSHIRE LIMITED

Notes to the financial statements for the year ended 31 December 2017 (continued)

11 ULTIMATE PARENT

Equitix Derbyshire Limited is a company incorporated in the United Kingdom under the Companies Act 2006. (copies of the accounts are available from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ. The Company's immediate parent is Equitix Education Limited, a company incorporated in the United Kingdom under the Companies Act 2006; the Company's ultimate parent is Equitix Fund I LP, a limited partnership registered in England and Wales.

12 SUBSIDIARIES AS AT 31 DECEMBER 2017

Company name	Class and percentage of shares held	Principal activity	Country of incorporation	Registered Address
<u>Directly held</u>				
Derbyshire Learning and Community Partnerships Limited	80% 12,800 ordinary £1 shares	Development of secondary educational facilities in the Derbyshire area.	Great Britain	10-11 Charterhouse Square, London, EC1M 6EH
<u>Indirectly held</u>				
Equitix Education (Derbyshire) Holdings Limited	8% 4,800 ordinary £1 shares	Holding company and parent to Equitix Education (Derbyshire) Limited	Great Britain	Welken House, 10-11 Charterhouse Square, London, EC1M 6EH
Equitix Education (Derbyshire) Limited	8% 4,800 ordinary £1 shares	Developer and operator of two secondary education facilities in Derbyshire.	Great Britain	Welken House, 10-11 Charterhouse Square, London, EC1M 6EH