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Engage Lambeth Limited
Financial statements
For the year ended
31 March 2012

Company no 07167808

Engage Lambeth Limited
Financial statements for the year ended 31 March 2012

Company information

Company registration number	07167808
Registered office	The Street Trowse Norwich Norfolk NR14 8SZ
Directors	D Anderson D Blanchard A Davidson A Renton R Russell J Wilkinson
Auditor	Grant Thornton UK LLP Registered Auditor Chartered Accountants Grant Thornton House Melton Street London NW1 2EP
Secretary	S Howell

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Report of the directors

The Directors have pleasure in presenting their report and audited financial statements for the year ended 31 March 2012

Principal Activity

Facility services for the education sector

Business Review

The company was incorporated and commenced trading on 24 February 2010 On 9 June 2010 the company changed its name from Friars 2011 Limited to Engage Lambeth Limited There was a profit for the year after taxation amounting to £3,601 (2011 £7,316) The directors do not recommend payment of a dividend

The results for the year and the Company s financial position at the end of the year are shown in the attached financial statements

Construction work has progressed well at both Dunraven School (£19 5m) and Norwood School (£12 5m) with phased completions of various buildings already achieved at both sites with minimal disruption to the ongoing teaching and learning The complex nature of the existing buildings and services has resulted in some unexpected changes causing delays but both schemes are still due to complete in the first quarter of 2013

In terms of Key Performance Indicators, turnover and operating profit in the period were in line with expectations

Future developments

The Government reshaping of educational funding and capital spend on secondary schools has encouraged Local Authorities to review existing procurement arrangements and competitively tender individual projects Lambeth Borough Council have followed this lead and are therefore not utilising the Local Education Partnership for further schemes By mutual agreement the LEP has therefore ceased trading and will be wound up in the early part of the forthcoming financial year

Going concern

Detailed cash flow forecasts are prepared and regularly reviewed by the Board to assess the company's financial position The business is forecast to remain cash generative and to have adequate resources to meet its future obligations

The company is dependent on receiving financial support from May Gurney Limited to carry on as a going concern The directors believe the company's existing funding is sufficient for the needs of the business for the foreseeable future and for at least twelve months from the date of approval of these financial statements The directors accordingly consider it appropriate for these financial statements to be prepared on a going concern basis

Directors

The directors who served during the year were as follows

D Anderson
D Blanchard
A Davidson
A Renton
R Russell
J Wilkinson

Directors' liability insurance

The company maintains liability insurance for the directors and officers of the company The directors and officers have also been granted a qualifying third-party provision under the Companies Act 2006 Neither the company's indemnity nor insurance provides cover in the event that a director or officer is proved to have acted fraudulently or dishonestly

Re-election of directors

The directors offer themselves for election at the Annual General Meeting The Board has considered the requirements of the Combined Code in respect of these matters and believes that these members continue to be effective and to demonstrate their commitment to their roles, the Board and the Company

Corporate responsibility policy

The company's business impacts on the lives of everyone who lives in or uses, the communities it serves – now and in the future Therefore, its corporate responsibility is to deliver social and environmental sustainability in everything it does At Engage Lambeth corporate responsibility is much more than just a set of policies it is delivered on the ground, every day through its operational teams working in partnership with its customers, customers' customers, supply chain and local communities The company creates value in five key areas, closely aligned to its stakeholders social and environmental sustainability agendas These are Climate Change (carbon reduction), Sustainable Resources (using resources responsibly), Community Investment (changing behaviours and helping to create a better society) Waste Minimisation (addressing the need to reduce waste), and Biodiversity & Eco-systems (developing a holistic approach to environmental management)

The company recognises the benefits of sustainability and protecting the environment whilst delivering its services and associated activities All company activities are carried out in a way that manages environmental impact, fulfils opportunities to enhance the environment, prevents pollution, minimises waste, controls noise, uses materials and resources efficiently and protects wildlife

The company complies with environmental legislation and environmental codes of practice applicable to its industry

Health and safety policy

It is company policy to fulfil its duties under the Health and Safety at Work Act 1974 and all other associated acts and legal obligations applicable to its industry In order to achieve the standards required, line management will provide suitable and sufficient resources and properly trained supervision to ensure all work places can carry out their activities in a safe manner

It is the responsibility of the company's management at all levels to be conversant with the contents of the policy and to plan work such that foreseeable risks are identified and reduced to an acceptable level through the implementation of risk assessments All employees must take care of the health and safety of themselves and actively participate and co-operate with the company to enable the company to discharge its statutory responsibilities and fulfil its desire for continual improvement in all safety health and welfare matters

Supplier payment policy

The company applies a policy of agreeing and clearly communicating terms and conditions for business transactions with suppliers Payment is then made in accordance with these terms, subject to terms and conditions being met by the suppliers As at 31 March 2012 the company had 1 day (2011 1 day) of purchases in trade payables as the majority of costs are incurred by May Gurney Limited, recharged to Engage Lambeth and settled immediately

Financial risk management objectives and policies

The company uses various financial instruments These include cash and various items such as trade receivables and trade payables that arise directly from its operations The main purpose of these financial instruments is to raise finance for the company's operations

The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below

The main risks arising from the company's financial instruments are cash flow interest rate risk credit risk and liquidity risk The directors review and agree policies for managing each of these risks and they are summarised below

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs, with the assistance of its parent company

During the period a substantial proportion of the company's debt consisted of a long term loan with the company's parent undertaking Lambeth Learning Partnership (PSP) Limited

Interest rate risk

Exposure to interest rate risk is limited as interest rates are fixed on all debt obligations

The interest rate exposure of the financial assets and liabilities of the company as at 31 March 2011 includes trade receivables and payables but as these do not attract interest are therefore subject to fair value interest rate risk

Credit risk

The company's principal financial assets are cash and trade receivables The credit risk associated with the cash is limited as the counterparties have high credit ratings assigned by international credit-rating agencies The principal credit risk arises therefore from its trade receivables The majority of the outstanding trade debt is with UK local authorities Therefore the risk relating to these debts is minimal The rest of the debt is managed by regular credit control review

Currency risk

The company does not have significant foreign currency transactions and exposure to foreign currency risk is therefore minimal

Donations

The company made charitable donations in the year of £nil (2011 £nil) The company made no political donations during the year (2011 £nil)

Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs) 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 and 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 IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

The directors are responsible for the maintenance and integrity of the corporate and financial information included in the company's website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Auditor

Grant Thornton UK LLP were appointed as auditors on 17 March 2011 and will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006

Signed on behalf of the Board of Directors

Robert Russell

R Russell

Director

19 October 2012

Independent auditor's report to the members of Engage Lambeth Limited

We have audited the financial statements of Engage Lambeth Limited for the year ended 31 March 2012 which comprise the principal accounting policies, the income statement, the statement of comprehensive income the statement of changes in equity, the statement of financial position, the statement of cash flows and notes 1 to 14 The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006

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

Respective responsibilities of directors and auditors
As explained more fully in the Directors Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the APB's website at www frc org uk/apb/scope/private cfm

Opinion on financial statements
In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2012 and of its profit for the year then ended
- have been properly prepared in accordance with IFRS as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Grant Thornton UK LLP

Philip Westerman
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
19 October 2012

Accounting policies

Nature of operations

The principal activities of the company during the year were facility services for the education sector

The company is incorporated and domiciled in the United Kingdom The registered office is in Trowse, Norwich, UK The presentation currency used is GB Pound Sterling and figures are quoted to the nearest £1

The principal accounting policies adopted in the presentation of these financial statements are set out below These policies have been consistently applied to the periods presented unless otherwise stated

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with parts of the Companies Act 2006 applicable to companies reporting under IFRS

The financial statements have been prepared on the historical cost basis, with the exception of certain financial instruments which are recognised using accounting policies as set out below and applied consistently

The directors believe the company s existing funding is sufficient for the needs of the business for the foreseeable future and for at least twelve months from the date of approval of these financial statements The directors accordingly consider it appropriate for these financial statements to be prepared on a going concern basis

Adoption of new and revised International Financial Reporting Standards

In the year, the company has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 April 2011

Changes in accounting policy

The following standards and interpretations came into effect and were adopted in the current period but had no effect on the financial statements

IFRS 1 (amended) First-time adoption of IFRS - limited exemption from comparative IFRS 7 disclosures
IAS 24 Related party disclosures (revised 2009),
IAS 32 (amendment) Financial instruments Presentation,
IAS 34 (amendment) Interim financial reporting and
IFRIC 19 Extinguishing financial liabilities with equity instruments

At the date of authorisation of these financial statements the following standards and interpretations were in issue but not yet effective and therefore have not been applied in these financial statements

IFRS 1 (amended) Severe hyperinflation and Removal of fixed dates for first-time adopters,
IFRS 7 (amended) Financial instruments disclosures
IFRS 9 Financial Instruments - classification and measurement
IFRS 10 Consolidated financial statements,
IFRS 11 Joint arrangements,
IFRS 12 Disclosure of interests in other entities,
IFRS 13 Fair value measurement,
IAS 1 Presentation of financial statements - items in other comprehensive income,
IAS 12 (amended) Income taxes - deferred tax recovery of underlying assets,
IAS 19 (amended) Employee benefits,
IAS 27 Separate financial statements, and
IAS 28 Investments in associates and joint ventures

The directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements of the Company

Revenue

Revenue represents the amounts derived from the provision of goods and services which fall within the company's ordinary activities stated net of value added tax Revenue is recognised when earned and in accordance with obligations delivered

Accounting policies (continued)

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax

The tax payable in respect of the period is based on taxable profit for the period Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible The company's liability for current tax is calculated using tax rates and laws that have been enacted or substantially enacted by the reporting date

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the statement of financial position liability method Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised Such assets and liabilities are not recognised if the temporary difference arises from initial recognition of goodwill or from the initial recognition of other assets and liabilities (other than in a business combination) in a transaction that affects neither the tax profit nor the accounting profit

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates, and interests in joint ventures, except where the company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future

The carrying amount of deferred tax assets is reviewed at each reporting date

Deferred tax is calculated based on the laws enacted or substantially enacted by the reporting date and at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised Deferred tax is charged or credited in the income statement except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity

Provisions

A provision is recognised in the statement of financial position when the company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation When recognising and measuring a provision events occurring after the financial reporting date and before authorisation for issue, are considered to determine whether such events provide additional evidence of conditions that existed at the balance sheet date and should therefore be adjusted for

If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and where appropriate, the risks specific to the liability

Financial instruments

The financial instruments used by the company comprise net assets, receivables and payables

(a) Receivables do not carry any interest and are initially stated at their fair value and subsequently measured at amortised cost as reduced by appropriate allowance for estimated irrecoverable amounts

(b) Payables are not interest bearing and are initially stated at their fair value and subsequently measured at amortised cost

(c) Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all its liabilities

(d) Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs

(e) The company has a policy of not trading in financial instruments The company currently has no derivative instruments and sees no immediate requirement for any

Accounting policies (continued)

Accounting for financial assets

Financial assets consist of receivables

An assessment of whether a financial asset is impaired is made at least at each reporting date For receivables, this is based on the latest credit information available, i e recent counterparty defaults and external credit ratings Financial assets that are substantially past due are also considered for impairment All income and expense relating to financial assets are recognised in the income statement line item "finance costs" or "finance income", respectively

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market They are subsequently measured at amortised cost using the effective interest method, less provision for impairment Any change in their value is recognised in the income statement The company s trade and other receivables fall into this category of financial instruments

Individual receivables are considered for impairment when they are past due at the financial reporting date or when objective evidence is received that a specific counterparty will default All other receivables are reviewed for impairment in groups, which are determined by reference to the industry of a counterparty The percentage of the write down is then based on recent historical counterparty default rates for each identified group

Accounting for financial liabilities

The company's financial liabilities include trade and other payables, which are measured at amortised cost using the effective interest rate method

Financial liabilities are recognised when the company becomes a party to the contractual agreements of the instrument All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in the income statement are included in the income statement line items "finance costs" or "finance income"

Accounting estimates and judgements

To be able to prepare accounts according to generally accepted accounting principles, management must make estimates and assumptions that affect the asset and liability items and revenue and expense amounts recorded in the financial statements These estimates are based on historical experience and various other assumptions that management and the Board of directors believe are reasonable under the circumstances The results of this form the basis for making judgements about the carrying value of assets and liabilities that are not readily available from other sources

Income statement

for the year ended 31 March 2012

	Note	Year ended 31 March 2012 £	Period ended 31 March 2011 £
Revenue		**10,879,042**	8,314,032
Cost of sales		**(10,850,908)**	(8,299,211)
Gross profit		**28,134**	14,821
Administrative expenses		**(22,291)**	(5,174)
Operating profit	1	**5,843**	9,647
Finance income	2	**343**	269
Finance costs	2	**(1,628)**	(655)
Profit before taxation		**4,558**	9,261
Taxation	3	**(957)**	(1,945)
Profit for the year/period from continuing operations	9	**3,601**	7,316

Statement of comprehensive income

for the year ended 31 March 2012

	Year ended 31 March 2012 £	Period ended 31 March 2011 £
Profit for the year/period	**3,601**	7,316
Other comprehensive income for the year/period	-	-
Total comprehensive income for the year/period	**3,601**	7,316

Statement of changes in equity

for the year ended 31 March 2012

	Share capital £	Retained earnings £	Total equity £
Profit for the period	-	7,316	**7,316**
Total comprehensive income for the period	-	7,316	**7,316**
Shares issued during the period	50,000	-	**50,000**
Balance at 31 March and 1 April 2011	50,000	7,316	**57,316**
Profit for the year	-	3,601	**3,601**
Total comprehensive income for the year	-	**3,601**	**3,601**
Balance at 31 March 2012	**50,000**	**10,917**	**60,917**

Statement of financial position

at 31 March 2012

	Note	2012 £	2011 £
Current assets			
Trade and other receivables	4	**43,795**	54,769
Cash and cash equivalents		**174,689**	105,497
Total assets		**218,484**	160,266
Current liabilities			
Trade and other payables	5	**(156,610)**	(21,005)
Current tax liabilities		**(957)**	(1,945)
		(157,567)	(22,950)
Non current liabilities			
Other payables	6	**-**	(80,000)
Total liabilities		**(157,567)**	(102,950)
Net assets		**60,917**	57,316
Equity			
Share capital	8	**50,000**	50,000
Retained earnings	9	**10,917**	7,316
Total equity		**60,917**	57,316

These financial statements were approved and authorised by the Board on 19 October 2012 and signed on its behalf by

Robert Russell

R Russell
Director

Company registration number 7167808

The accompanying accounting policies and notes form an integral part of these financial statements

Statement of cash flows

for the year ended 31 March 2012

	Note	Year ended 31 March 2012 £	Period ended 31 March 2011 £
Cash flows from operating activities			
Operating profit		**5,843**	9,647
Working capital movement		**66,579**	(33,764)
Cash generated from/(used by) operations	12	**72,422**	(24,117)
Corporation tax paid		**(1,945)**	-
Finance income		**343**	269
Finance costs		**(1,628)**	(655)
Net cash generated from/(used by) operating activities		**69,192**	(24,503)
Cash flows from financing activities			
Loan received		-	80,000
Proceeds from issuance of ordinary shares	8	-	50,000
Net cash generated from financing activities		-	130,000
Increase in cash and cash equivalents		**69,192**	105,497
Opening cash and cash equivalents		**105,497**	-
Closing cash and cash equivalents		**174,689**	105,497
Reconciliation of net cash flow to movement in net funds			
Increase in cash and cah equivalents		**69,192**	105,497
Loan received		-	(80,000)
Increase in net funds in the year/period		**69,192**	25,497
Opening net funds		**25,497**	-
Closing net funds		**94,689**	25,497

Notes to the report and accounts

1. Operating profit

Operating profit is stated after charging

for the year ended 31 March 2012

	Year ended 31 March 2012 £	Period ended 31 March 2011 £
Auditor's remuneration		
- audit	**7,500**	4,000

2. Finance income and costs

for the period ended 31 March 2012

	Year ended 31 March 2012 £	Period ended 31 March 2011 £
Finance income		
Bank interest	**343**	269
	343	269
Finance costs		
Loan interest	**(1,628)**	(655)
	(1,628)	(655)

3. Taxation

The tax charge represents

for the year ended 31 March 2012	Year ended 31 March 2012 £	Period ended 31 March 2011 £
Current tax		
Corporation tax on profits for the period	957	1,945
Total current tax	957	1,945

Factors affecting the tax charge for the period

The tax assessed for the period is equal to the small companies rate of corporation tax in the UK of 21% (2011 21%)

for the year ended 31 March 2012	Year ended 31 March 2012 £	Period ended 31 March 2011 £
Profit before tax	4,558	9,261
Profit before tax multiplied by the small companies rate of corporation tax in the UK of 21% (2011 21%)	957	1,945
Total tax charge for the year/period	957	1,945

4. Trade and other receivables

for the year ended 31 March 2012	2012 £	2011 £
Trade receivables	43,697	53,546
Social security and other taxes	98	-
Prepayments and accrued income	-	1,223
	43,795	54,769

Trade and other receivables are initially stated at their fair value and subsequently measured at amortised cost as reduced by appropriate allowance for estimated irrecoverable amounts The directors consider that the carrying values of current trade and other receivables approximate their fair values

Trade and other receivables have been reviewed for indicators of impairment No trade receivables were found to be potentially impaired and so no provision is necessary

The Company's receivables at 31 March 2012 and 2011 are considered neither past due nor impaired

Credit risk

Exposure to credit risk is disclosed in note 7 The Company has no renegotiated trade and other receivables and does not hold any collateral in respect of its trade and other receivables

5. Trade and other payables: amounts falling due within one year

for the year ended 31 March 2012

	2012 £	2011 £
Trade payables	**43,697**	15,422
Other payables	**8,000**	-
Accruals and deferred income	**32,913**	4,937
Social security and other taxes	-	646
Amounts owed to group undertakings	**72,000**	-
	156,610	21,005

Trade and other payables are initially stated at their fair value and subsequently measured at amortised cost The directors consider that the carrying values of current trade and other payables approximate their fair values

6. Other payables: amounts falling due after one year

for the year ended 31 March 2012

	2012 £	2011 £
Amounts owed to group undertakings	-	72,000
Other payables	-	8,000
	-	80,000

7. Financial instruments

Capital risk management

The company manages its capital to ensure its ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital
The capital structure of the company comprises equity attributable to equity holders of Engage Lambeth Limited consisting of issued ordinary share capital and retained earnings as disclosed in Notes 8 and 9 and cash and cash equivalents

Financial risk management

Financial risk management is an integral part of the way the company is managed In the course of its business, the company is exposed primarily to interest rate risk, credit risk and liquidity risk The overall aim of the company's financial risk management policies is to minimise potential adverse effects on financial performance and net assets
The company's finance department manages the principal financial risks within policies and operating parameters approved by the Board of directors

Commodity Price Risk

The company does not have exposure to fluctuations in commodity prices

Foreign currency risk

The company does not have significant foreign currency transactions and exposure to foreign currency risk is therefore minimal Accordingly, these financial statements do not include any sensitivity analysis in respect of currency risk

Interest rate risk

Interest rate risk does not arise on the company's obligations under group loans as interest rates are fixed at the start of the loan

Price risk

The directors do not consider there to be any price risk relating to equity instruments and hence no need for any related disclosures

Credit risk

Exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, namely cash and cash equivalents and trade and other receivables

The company continuously monitors defaults of customers and other counterparties identified either individually or by group, and incorporates this information into its credit risk controls Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used The company's policy is to deal only with creditworthy counterparties

The company's management considers that all financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due An analysis of amounts that are past due but not impaired is shown in note 4

None of the company's financial assets are secured by collateral or other credit enhancements

The credit risk for liquid funds and other short-term financial assets is considered negligible since the counterparties are reputable banks with high quality external credit ratings

The company has no significant concentration of credit risk in respect of amounts due from contract customers or trade receivable balances at the reporting date

Liquidity risk

The company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in day-to-day business Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection

The company maintains cash to meet its liquidity requirements for up to 30-day periods Funding in regards to long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities

Categories of financial instruments

	2012 Loans and receivables £	2012 Non financial assets £	2012 Financial liabilities at amortised cost £	2012 Non financial liabilities £	2011 Loans and receivables £	2011 Non financial assets £	2011 Financial liabilities at amortised cost £	2011 Non financial liabilities £
Financial assets								
Cash at bank	174,689	-	-	-	105 497	-	-	-
Trade receivables - current	43,697	-	-	-	53,546	-	-	-
Prepayments	-	-	-	-	-	1,223	-	-
VAT and taxation receivables	-	98	-	-	-	-	-	-
Total	218,386	98	-	-	159,043	1,223	-	-
Financial liabilities								
Trade payables	-	-	(43,697)	-	-	-	(15,422)	-
Other liabilities - current	-	-	(80,000)	-	-	-	-	-
Other liabilities - non current	-	-	-	-	-	-	(80,000)	-
Accruals	-	-	(32,913)	-	-	-	(4,937)	-
Current tax liabilities	-	-	-	(957)	-	-	-	(2,591)
Total	-	-	(156,610)	(957)	-	-	(100 359)	(2 591)
Net	218,386	98	(156,610)	(957)	159,043	1,223	(100,359)	(2 591)

Maturity of the company's financial liabilities

	2012 Trade and other payables £	2011 Trade and other payables £
Due within one year	156,610	21 987
Due within one to two years	-	51,610
Due within two to five years	-	35,149
	156,610	108 746

The above contractual maturities reflect the gross cash flows which may differ to the carrying values of the liabilities at the reporting date

8. Share capital

for the year ended 31 March 2012

	2012 £	2011 £
Authorised, allotted, called up and fully paid		
Ordinary shares of £1 each issued during the period		
5,000 "A" shares	**5,000**	5,000
5,000 "B" shares	**5,000**	5,000
40,000 "C" shares	**40,000**	40,000
	50,000	50,000

9. Reserves

for the year ended 31 March 2012

	2012 £	2011 £
Retained earnings		
Balance at 1 April 2011	**7,316**	-
Profit for the year/period	**3,601**	7,316
Balance at 31 March 2012	**10,917**	7,316

10. Capital commitments

The company had no capital commitments as at 31 March 2012 (2011 £nil)

11. Contingent liabilities

The company had no contingent liabilities as at 31 March 2012 (2011 £nil)

12. Reconciliation of operating profit to cash generated from/(used by) operations

for the year ended 31 March 2012	Year ended 31 March 2012 £	Period ended 31 March 2011 £
Operating profit	**5,843**	9,647
Increase in trade and other receivables	**10,974**	(54,769)
Increase in trade and other payables	**55,605**	21,005
Cash generated from/(used by) operations	**72,422**	(24,117)

Cash at bank and in hand (which are presented as a single class of assets on the face of the statement of the statement of financial position) comprise cash at bank and other short-term highly liquid investments with a maturity of three months or less

The carrying amount of cash and cash equivalents approximate their fair values

13. Related party transactions

Included within trade receivables is an amount of £43,697 (2011 £53,546) owed by the London Borough of Lambeth, an entity which owns 10% of the ordinary share capital of the company Revenue during the year amounted to £10,879,042 (2011 £8,314,032)

Included within trade payables is an amount of £1,837 (2011 £12,412) owed to NPS, an entity which owns 35% of the ordinary share capital of Lambeth Learning Partnership (PSP) Limited (the PSP), which in turn owns 80% of the company Purchases during the year amounted to £180,688 (2011 £57,807) in relation to management fees

Included within trade payables is an amount of £41,861 (2011 £4,282 included in accruals) owed to to May Gurney Limited, a company which owns 65% of the ordinary share capital of the PSP Purchases during the year amounted to £10,867,734 (2011 £8,233,879) in relation to management fees, set up costs and design and build costs

Included within amounts owed to group undertakings is an amount of £72,000 (2011 £72,000 non-current) relating to a loan owed to the PSP and £8,000 (2011 £8,000 non-current) owed to the London Borough of Lambeth in non-current other payables Interest of £2,283 (2011 £655) has been accrued to date on these loan balances

All of these transactions, and the period end reporting amounts arising from these transactions, were conducted on an arms-length basis and on normal commercial terms

14. Parent undertaking and controlling party

The company's immediate parent company is Lambeth Learning Partnership (PSP) Limited The directors consider the ultimate controlling party to be May Gurney Integrated Services plc The largest group of undertakings for which group accounts have been drawn up is that headed by May Gurney Integrated Services plc, the smallest such group of undertakings, including the company, is that headed by Lambeth Learning Partnership (PSP) Limited, both registered in England and Wales