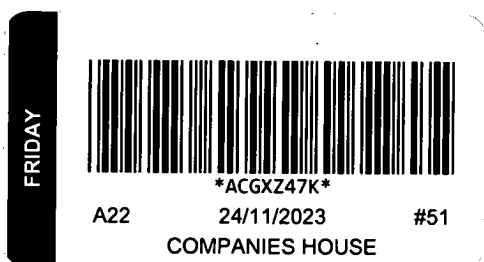


Company registration number 07195004 (England and Wales)

**ESSEX SCHOOLS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2023**





**ESSEX SCHOOLS LIMITED**

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# **ESSEX SCHOOLS LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 MARCH 2023**

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The directors present their annual report and financial statements for the year ended 31 March 2023.

#### **Principal activities**

Essex Schools Limited is a special purpose company set up to contract with Essex County Council ("The Authority") in relation to the design, build, finance and operation of a number of schools in the Essex area under the Essex Schools BSF Project.

There have not been any significant changes in the Company's principal activities in the year under review. The Directors are not aware, at the date of this report, of any major changes in the Company's activities in the next year.

#### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

J G Du Plessis  
P E Gill  
S Thorpe Costa  
D Ward  
R L Evans

(Appointed 23 August 2022)

#### **Auditor**

The auditor, Ryecroft Glenton, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

#### **Small companies exemption**

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

#### **Going Concern**

The Directors have reviewed the Company's projected profits and cash flows by reference to a financial model covering accounting periods up to December 2036. The directors are aware of the net liabilities of the company of £3,032,000 (2022: £9,866,000), which are predominantly a result of the cash flow hedge reserve of £1,892,000 (2022: £8,265,000), however acknowledge the profit and loss account liability of £1,140,000 (2022: £1,601,000). The directors are mindful of these liabilities, in particular the profit and loss account, and are satisfied that the company is modelled to be positive from 2024 onwards and has over £11m in the bank, which is sufficient to maintain working capital. In respect of the hedge reserve, the directors have no control of this, but do not anticipate any refinance which may result in this crystallising. Having examined the current status of the Company's principal contracts and likely developments in the foreseeable future, the Directors consider that the Company will be able to settle its liabilities as they fall due and accordingly the financial statements have been prepared on a going concern basis.

**ESSEX SCHOOLS LIMITED**

**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2023**

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On behalf of the board

DocuSigned by:



BCRF7787687D445.....

P E Gill

**Director**

20-Nov-2023 | 11:35 GMT

Date: .....

# **ESSEX SCHOOLS LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

### ***FOR THE YEAR ENDED 31 MARCH 2023***

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The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

# ESSEX SCHOOLS LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF ESSEX SCHOOLS LIMITED

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#### Opinion

We have audited the financial statements of Essex Schools Limited (the 'company') for the year ended 31 March 2023 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

# **ESSEX SCHOOLS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF ESSEX SCHOOLS LIMITED**

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### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

### **Responsibilities of directors**

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



## **ESSEX SCHOOLS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF ESSEX SCHOOLS LIMITED**

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#### **The extent to which our procedures are capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the Company through discussions with Directors and other management, and from our commercial knowledge and experience of the infrastructure sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the, financial statements or the operations of the Company, such as the Companies Act 2006, taxation legislation, data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions; and
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance and reading risk registers;
- enquiring of management as to actual and potential litigation and claims along with how these are managed; and
- reviewing correspondence with HMRC, and the Company's legal advisors, along with discussing laws and regulations with those who are responsible for compliance.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the Directors and other management and the inspection of regulatory and legal correspondence, if any. Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

## **ESSEX SCHOOLS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF ESSEX SCHOOLS LIMITED**

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#### **Use of our report**

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.

DocuSigned by:

*Grahame Maughan*

9224BF4470E446E...

**Grahame Maughan**

**Senior Statutory Auditor**

**For and on behalf of Ryecroft Glenton**

20 November 2023

**Chartered Accountants**

**Statutory Auditor**

**Chartered Accountants and Statutory  
Auditors**

**32 Portland Terrace  
Newcastle Upon Tyne  
NE2 1QP**

**ESSEX SCHOOLS LIMITED****STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2023**

	Notes	2023 £000	2022 £000
Turnover	3	3,966	3,259
Cost of sales		(3,135)	(2,456)
<b>Gross profit</b>		<b>831</b>	<b>803</b>
Administrative expenses		(328)	(272)
<b>Operating profit</b>		<b>503</b>	<b>531</b>
Interest receivable and similar income	6	4,825	4,951
Interest payable and similar expenses	7	(4,713)	(5,060)
<b>Profit before taxation</b>		<b>615</b>	<b>422</b>
Tax on profit	8	(154)	53
<b>Profit for the financial year</b>		<b>461</b>	<b>475</b>
<b>Other comprehensive income</b>			
Cash flow hedges gain arising in the year		8,497	6,651
Tax relating to other comprehensive income		(2,124)	(602)
<b>Total comprehensive income for the year</b>		<b>6,834</b>	<b>6,524</b>

The profit and loss account has been prepared on the basis that all operations are continuing operations.


**ESSEX SCHOOLS LIMITED****BALANCE SHEET****AS AT 31 MARCH 2023**

		2023		2022	
	Notes	£000	£000	£000	£000
<b>Current assets</b>					
Debtors falling due after more than one year	9	49,933		55,302	
Debtors falling due within one year	9	2,679		2,453	
Cash at bank and in hand		11,502		7,736	
		64,114		65,491	
<b>Creditors: amounts falling due within one year</b>	10	(7,629)		(4,162)	
<b>Net current assets</b>			56,485		61,329
<b>Creditors: amounts falling due after more than one year</b>	11		(59,517)		(71,195)
<b>Net liabilities</b>			(3,032)		(9,866)
<b>Capital and reserves</b>					
Called up share capital	14		-		-
Hedging reserve			(1,892)		(8,265)
Profit and loss reserves			(1,140)		(1,601)
<b>Total equity</b>			(3,032)		(9,866)

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

20-Nov-2023 | 11:35 GMT

The financial statements were approved by the board of directors and authorised for issue on ..... and are signed on its behalf by:

DocuSigned by:  
  
 BCAF77076670445...  
 P E Gill  
 Director

Company Registration No. 07195004

**ESSEX SCHOOLS LIMITED****STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2023**

	Share capital	Hedging reserve	Profit and loss reserves	Total
	£000	£000	£000	£000
<b>Balance at 1 April 2021</b>	-	(14,314)	(2,076)	(16,390)
<b>Year ended 31 March 2022:</b>				
Profit for the year	-	-	475	475
Other comprehensive income:				
Cash flow hedges gains	-	6,651	-	6,651
Tax relating to other comprehensive income	-	(602)	-	(602)
Total comprehensive income for the year	-	6,049	475	6,524
<b>Balance at 31 March 2022</b>	-	(8,265)	(1,601)	(9,866)
<b>Year ended 31 March 2023:</b>				
Profit for the year	-	-	461	461
Other comprehensive income:				
Cash flow hedges gains	-	8,497	-	8,497
Tax relating to other comprehensive income	-	(2,124)	-	(2,124)
Total comprehensive income for the year	-	6,373	461	6,834
<b>Balance at 31 March 2023</b>	-	(1,892)	(1,140)	(3,032)

# ESSEX SCHOOLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2023

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#### 1 Accounting policies

##### Company information

Essex Schools Limited is a private company limited by shares incorporated in England and Wales. The registered office is 3rd Floor, South Building, 200 Aldersgate Street, London, England, EC1A 4HD.

##### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

##### 1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

There are also net liabilities of £3,032,000 (2022: £9,866,000). It is expected that the company will return to a net asset position for its profit and loss account reserve from 2024 onwards based on expectations set out in the financial models. The Company however continues to operate profitably with a profit after tax of £461,000 (2022: £475,000) and a cash balance of £11,502,000 (2022: £7,736,000) which means it is able to meet its regular working capital requirements.

The directors are also mindful of the relationship with the local authority and ensure that this is carefully monitored and maintained. There have been no instances during the year or since of noncompliance of the Project Agreement, and the relationship with the local authority remains strong.

The credit and performance risk of the Facilities Manager contract supplier is monitored on a regular basis to ensure that the services are delivered on a continuing timely basis to the appropriate standard.

##### 1.3 Turnover

The Company is an operator of a PFI contract. The underlying asset is not deemed to be an asset of the Company under FRS102 section 34C, because the risks and rewards of ownership as set out in that Standard are deemed to lie principally with the Authority.

During the construction phase of the project, all attributable expenditure was included in amounts recoverable on contracts and turnover. Upon becoming operational, the costs were transferred to the finance debtor. During the operational phase income is allocated between interest receivable and the finance debtor using a project specific interest rate. The remainder of the PFI unitary charge income is included within turnover in accordance with FRS102 section 23. The Company recognises income in respect of the services provided as it fulfils its contractual obligations in respect of those services and in line with the fair value of the consideration receivable in respect of those services.

Major maintenance costs are recognised on a contractual basis and the revenue in respect of these services is recognised when these services are performed.

All turnover and profit on ordinary activities before taxation originate in the United Kingdom. Turnover is recognised in accordance with the finance debtor and services income accounting policy above and excludes VAT.

# ESSEX SCHOOLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

#### 1 Accounting policies

(Continued)

##### 1.4 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

##### 1.5 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

##### Trade and other debtors/creditors

Trade and other debtors are recognised initially at transaction price plus attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transactions costs. Subsequent to initial recognition they are measured at amortisation costs using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measure at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

##### Finance Debtors

The finance debtor has been recognised based upon the Finance debtor and service income policy below. This is classified as a basic financial instrument as the debtor relates to the construction phase and only risk held is credit risk. Any performance conditions are linked to the operating phase revenue and therefore not relevant.

##### Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective rate of interest method, less any impairment losses.

##### Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

##### Restricted cash

The Company is obligated to keep a separate cash reserve in respect of future major maintenance costs. This restricted cash balance, which is shown on the balance sheet within "cash at bank" balance, amounts to £4,407,000 (2022: £4,073,000).

# ESSEX SCHOOLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

#### 1 Accounting policies

(Continued)

##### **Other financial liabilities**

Financial instruments not considered to be Basic financial instruments (Other financial instruments)

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss except as follows:

- hedging instruments in a designated hedging relationship shall be recognised as set out below.

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

##### **Cash flow hedges**

The Company has entered into an interest rate swap and designated this as hedges for highly probable forecast transaction. The effective part of any gain or loss on the derivative financial instrument is recognised directly in Other comprehensive income. Any ineffective portion of the hedge is recognised immediately in profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the entity discontinues designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the profit and loss immediately.

#### 1.6 Taxation

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

##### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account 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 that have been enacted or substantively enacted by the reporting end date.

##### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated 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 profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.



**ESSEX SCHOOLS LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2023****1 Accounting policies****(Continued)****1.7 Expenses****Operating costs**

Operating costs are added to amounts recoverable on contracts during the construction period. Following commissioning regular operating and maintenance costs and central costs will be expenses to the profit and loss account as incurred.

**Interest receivable and interest payable**

Other interest receivable and similar income include interest receivable on funds invested and interest recognised on the finance debtor based upon the finance debtor accounting policy above.

The finance cost of the debt is allocated to periods over the term of the debt at the contractual rates on the principal amounts outstanding. Any payments under the interest rate hedging contracts are charged to the period to which it relates.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

**2 Judgements and key sources of estimation uncertainty**

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

**Critical judgements**

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

- Accounting for the service concession contract and finance debtors require of estimation of service margins, finance debtors interest rates and associated amortisation profile which is based on forecasted results of the PFI contract. The service margin estimates are revised in March and September every year.

**3 Turnover and other revenue**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
<b>Turnover analysed by class of business</b>		
Revenue from operations	3,966	3,259
	<u>          </u>	<u>          </u>

**ESSEX SCHOOLS LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2023**

<b>3 Turnover and other revenue</b>	<b>(Continued)</b>	
	<b>2023 £000</b>	<b>2022 £000</b>
<b>Other revenue</b>		
Interest income	4,825	4,951
<b>4 Auditor's remuneration</b>	<b>2023 £000</b>	<b>2022 £000</b>
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the company	13	14
<b>5 Employees</b>		
The average monthly number of persons (including directors) employed by the company during the year was:		
	<b>2023 Number</b>	<b>2022 Number</b>
Total	-	-
<b>6 Interest receivable and similar income</b>	<b>2023 £000</b>	<b>2022 £000</b>
<b>Interest income</b>		
Interest on bank deposits	45	-
Other interest income	4,780	4,951
Total income	4,825	4,951
<b>7 Interest payable and similar expenses</b>	<b>2023 £000</b>	<b>2022 £000</b>
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	66	66
Interest rate swap payments	1,146	2,543
Interest payable to group undertakings	901	1,158
Other interest on financial liabilities	2,579	1,272
	4,692	5,039
<b>Other finance costs:</b>		
Commitment fees	21	21
	4,713	5,060

**ESSEX SCHOOLS LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2023****8 Taxation**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	154	(53)
	<u>154</u>	<u>(53)</u>

The actual charge/(credit) for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Profit before taxation	615	422
	<u>615</u>	<u>422</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2022: 19.00%)	117	80
Tax effect of utilisation of tax losses not previously recognised	154	-
Unutilised tax losses carried forward	(117)	(133)
	<u>154</u>	<u>(53)</u>
Taxation charge/(credit) for the year	154	(53)

In addition to the amount charged/(credited) to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Deferred tax arising on:		
Revaluation of financial instruments treated as cash flow hedges	2,124	602
	<u>2,124</u>	<u>602</u>

**9 Debtors**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
<b>Amounts falling due within one year:</b>		
Finance debtor	2,425	2,240
Other debtors	254	213
	<u>2,679</u>	<u>2,453</u>

**ESSEX SCHOOLS LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2023**

<b>9 Debtors</b>		<b>(Continued)</b>	
		<b>2023</b>	<b>2022</b>
		<b>£000</b>	<b>£000</b>
<b>Amounts falling due after more than one year:</b>			
Finance debtor		48,897	51,989
Deferred tax asset (note 13)		1,036	3,313
		<u>49,933</u>	<u>55,302</u>
<b>Total debtors</b>		<u><b>52,612</b></u>	<u><b>57,755</b></u>
<b>10 Creditors: amounts falling due within one year</b>			
	<b>Notes</b>	<b>2023</b>	<b>2022</b>
		<b>£000</b>	<b>£000</b>
Bank loans	12	4,122	2,626
Other borrowings	12	305	248
Trade creditors		681	240
Taxation and social security		398	429
Accruals and deferred income		2,123	619
		<u>7,629</u>	<u>4,162</u>
<b>11 Creditors: amounts falling due after more than one year</b>			
	<b>Notes</b>	<b>2023</b>	<b>2022</b>
		<b>£000</b>	<b>£000</b>
Bank loans and overdrafts	12	49,860	52,719
Other borrowings	12	7,133	7,455
Derivative financial instruments		2,524	11,021
		<u>59,517</u>	<u>71,195</u>
<b>12 Loans and overdrafts</b>			
		<b>2023</b>	<b>2022</b>
		<b>£000</b>	<b>£000</b>
Bank loans		53,982	55,345
Loans from group undertakings		7,438	7,703
		<u>61,420</u>	<u>63,048</u>
Payable within one year		4,427	2,874
Payable after one year		<u>56,993</u>	<u>60,174</u>

# ESSEX SCHOOLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

#### 12 Loans and overdrafts

(Continued)

Bank loans outstanding at the year-end include instalments due after more than five years of £ 37,586 (2022: £40,769).

The senior loan is provided by Lloyds, and is to be used to finance the operation of the project over its remaining life. The loan is repayable in instalments based on an agreed percentage amount of the total facility per annum over 25 years commencing 30 September 2012 and ending 31 December 2035.

The loan is secured by a fixed and floating charge over all the assets of the Company and a charge over the shares of the Company.

Interest on the facility is charged at rates linked to SONIA. The Company has entered into fixed interest rate swaps to mitigate its interest rate exposure which have a negative fair value at 31 March 2023 of £2,524,000 (2022: £11,021,000). The fixed interest rate on the facility, including all margins, is 6.725%. The Company does not hold or issue derivative financial instruments for speculative purposes.

The Company issued £9,848,000 of loan notes to Equitix Education Limited, Equitix MA1 Infrastructure B Limited, Essex LEP Limited and Building Schools for the Future Investments LLP split by the equity percentages shown in note 16. The loans and notes accrue interest of 11.75% per annum and is repayable in semi-annual instalments in March and September.

As at 31st March 2023 £7,438,000 (2022: £7,703,000) is outstanding in respect of the loan and is expected to be paid in full by December 2035.

#### 13 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	<b>Assets</b>	<b>Assets</b>
	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
<b>Balances:</b>		
Tax losses	404	557
Revaluations	632	2,756
	<u>1,036</u>	<u>3,313</u>
<b>Movements in the year:</b>		<b>2023</b>
		<b>£000</b>
Asset at 1 April 2022		(3,313)
Charge to profit or loss		153
Charge to other comprehensive income		2,124
		<u>(1,036)</u>
Asset at 31 March 2023		<u>(1,036)</u>

# ESSEX SCHOOLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

#### 13 Deferred taxation

(Continued)

A deferred tax asset has been recognised to the extent that the Directors consider that it is more likely than not sufficient taxable profits will be available in the future against which the deferred tax asset can be recovered.

#### 14 Share capital

	2023 Number	2022 Number	2023 £000	2022 £000
<b>Ordinary share capital</b>				
<b>Issued and fully paid</b>				
100 Ordinary Shares of £1 each	100	100	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

#### 15 Reserves

The company has the following reserves:

##### Cash Flow hedge reserve

The hedge reserve comprise the effective portion of the cumulative net change in the fair value of cash flow hedging instruments (net of tax) related to hedged transactions that have not yet occurred yet.

##### Profit and loss account

The profit and loss account represents cumulative profits and losses net of dividends paid and other adjustments.

#### 16 Related party transactions

The Company has the following related parties:

Name of related party	Relationship
Equitix MA1 Infrastructure B Limited	54% Shareholder of Essex Schools (Holdings) Limited
Equitix Education Limited	18% Shareholder of Essex Schools (Holdings) Limited
Building Schools for the Future	18% Shareholder of Essex Schools (Holdings) Limited
Investments LLP	10% Shareholder of Essex Schools (Holdings) Limited
Essex LEP Limited	

During the year £13,000 (2022: £13,000) was charged for the provision of Directors' services and £486,000 (2022: £510,000) was paid in relation to subordinated loan interest to Equitix MA1 Infrastructure B Limited. At the reporting date £4,090,000 (2022: £4,238,000) of subordinated loan remained outstanding to Equitix MA1 Infrastructure B Limited within creditors.

During the year £6,000 (2022: £6,000) was charged for the provision of Directors' services and £162,000 (2022: £170,000) was paid in relation to subordinated loan interest to Equitix Education Limited. At the reporting date £1,363,000 (2022: £1,413,000) of subordinated loan remained outstanding to Equitix Education Limited within creditors.

During the year £13,000 (2022: £13,000) was charged for the provision of Directors' services and £162,000 (2022: £170,000) was paid in relation to subordinated loan interest to Building Schools for the Future Investments LLP. At the reporting date £1,363,000 (2022: £1,413,000) of subordinated loan remained outstanding to Equitix MA1 Infrastructure B Limited within creditors.

During the year £191,000 (2022: £191,000) was paid for management fees of Directors' services and £90,000 (2022: £94,000) was paid in relation to subordinated loan interest to Essex LEP Limited. At the reporting date £757,000 (2022: £785,000) of subordinated loan remained outstanding to Essex LEP Limited within creditors.

## **ESSEX SCHOOLS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

***FOR THE YEAR ENDED 31 MARCH 2023***

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#### **17 Ultimate controlling party**

The Company's immediate parent company is Essex Schools (Holdings) Limited, a company incorporated in England and Wales, registered number 07191953. The Company has no ultimate controlling party.