

**BARNSELY SPV THREE LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

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<b>BARNSELY SPV THREE LIMITED</b>
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**COMPANY INFORMATION**

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<b>Directors</b>	K O'Brien R A M Gillespie C E Pantry A N Duck (appointed 2 May 2019) K Savjani (appointed 16 April 2020)
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<b>Company secretary</b>	J Fowler
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<b>Registered number</b>	07367971
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<b>Registered office</b>	Office 4.10 No.1 Aire Street Leeds LS1 4PR
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<b>Independent auditor</b>	Goodman Jones LLP 29/30 Fitzroy Square London W1T 6LQ
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**BARNSELY SPV THREE LIMITED**

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## BARNSELY SPV THREE LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2020

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#### Introduction

The Directors submit their annual strategic report, the Directors' report and the audited financial statements for the year ended 31 March 2020.

#### Business review

Final full service availability has been achieved since September 2012 and the schools have been fully operational since this date. Operational costs are being expensed to the profit and loss account and the financial asset is being amortised over the remaining life of the project.

On 19 June 2019 the company refinanced its term loans with Nationwide and Nord and replaced them with one Nord loan. The capital was repaid in full for the original loans and the new loan was drawdown for £54,250,000. The authority elected to take their share of the refinancing gain as a reduction in their base unindexed unitary charge, whereas the shareholders took their gain in the form of an upstream loan.

The project continues to operate in line with the private finance initiative concession and is expected to do so in the future.

#### Future developments

The Company expects to trade in line with the financial model.

#### Results and dividends

The loss for the year, after taxation, amounted to £3,861,000 (2019 - Profit £1,411,000).

No Dividends were paid during the current or prior year. The Directors have proposed no final dividend for the year ending 31 March 2020.

#### Principal risks and uncertainties

The Company was and is subject to certain risks during both the construction and operational phases of the contract. These risks, wherever possible, have been mitigated by passing the risk down to sub-contractors.

##### Credit risk

The Company's sole customer is the Barnsley Metropolitan Borough Council ("BMBC") with which the Company has a concession agreement. If BMBC disputes the entitlement of the Company to any amount claimed and withholds payment then, as all operational activity is subcontracted, the Company can withhold payment of the disputed amount from the supplier provided that supplier is the cause of the non-payment. The Company, therefore, does not consider its exposure to credit risk to be material.

##### Liquidity risk

During the operational phase the company charges BMBC a monthly unitary charge that is sufficient to meet the on-going obligations including debt service.

##### Interest rate risk

The Company has entered into interest rate swaps, the purpose of which is to manage the interest rate risk arising from its borrowings. Full details are outlined in note 13.

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**BARNESLEY SPV THREE LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2020**

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**Financial key performance indicators**

The key performance indicators of the company are client and financially focused, including those listed below:


- Operational performance
- Cash flow
- Banking cover ratios

Following the attainment of final service availability in September 2012, the board of Directors meet on a regular basis to monitor operational performance to determine whether the project is satisfactorily meeting contractual requirements and the expectations of the customer, and to ensure that the project is meeting the covenanted banking debt service and loan cover ratios so that distributions to shareholders can be made appropriately.

The available loan facilities from a banking syndicate have now been fully drawn down including the subordinated debt subscribed by the shareholders. The loans are now being repaid in line with the expected repayment schedule.

Following the start of the operational phase of the contract the customer has been invoiced promptly in accordance with the terms of the contract. Payment for these invoices has been in accordance with contractual requirements and has not resulted in any significant overdue receivables.

This report was approved by the board and signed on its behalf.



A N Duck  
Director

Date: 25 September 2020

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## BARNSELY SPV THREE LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2020

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The Directors present their report and the financial statements for the year ended 31 March 2020.

#### Principal activity

The Company's principal activity during the year was to carry out the operational delivery and provide facilities management of three schools in the Barnsley area.

The Company's operations are managed under the supervision of its shareholders and funders and are largely determined by the detailed terms of the PFI contract which stipulates key performance criteria on operational activities. For this reason, the Company's Directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the performance or position of the business.

The Company's risk exposure is set out in the Strategic Report.

#### Results and dividends

The loss for the year, after taxation, amounted to £3,861,000 (2019 - profit £1,411,000). The loss was largely as a result of the refinancing exercise, which occasioned breakage costs of £5,580,000 as explained further in note 8.

No Dividends were paid during the current or prior year. The Directors have proposed no final dividend for the year ending 31 March 2020.

#### Going concern

The Company currently has net liabilities of £6,244,000 (2019 - £86,000) as a result of accounting for the fair value of interest rate swap agreements of £8,213,000 (2019 - £5,248,000), the majority of which do not crystallise as liabilities for a number of years. As such, the Company's forecasts and projections, taking account of the impact of swaps and reasonably possible changes in trading performance, show that it should be able to operate within the level of its current facilities and continue to meet forecast loan covenants.

In the annual review of the Company's going concern, the Directors have considered the long term impact of the Covid-19 pandemic. The Company has entered into long-term contracts with both the client and suppliers, and after careful review of these contracts the Directors are confident that the Company can operate as normal for the next twelve months. The Directors have committed to carrying out regular review of the Company's cash flows to monitor the ongoing situation.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

#### Directors

The Directors who served during the year were:

K O'Brien  
R A M Gillespie  
C E Pantry  
D C Ward (resigned 16 April 2020)  
A N Duck (appointed 2 May 2019)  
K Savjani (appointed 16 April 2020)

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**BARNSLEY SPV THREE LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2020**

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**Directors' Indemnities**

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

**Future developments**

The Company expects to trade in line with the financial model.

**Disclosure of information to auditor**

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed 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 ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

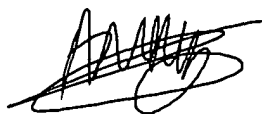
**Auditor**

Grant Thornton UK LLP resigned as auditors in the year and Goodman Jones LLP were appointed in their place. In accordance with section 485 of the Companies Act 2006, a resolution proposing that they be reappointed will be put at a General Meeting.

**Small companies note**

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



**A N Duck**  
Director

Date: 25 September 2020

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**BARNSELY SPV THREE LIMITED**

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**DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2020**

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 to 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.



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**BARNLEY SPV THREE LIMITED**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BARNLEY SPV THREE LIMITED**

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**Opinion**

We have audited the financial statements of Barnley SPV Three Limited (the 'Company') for the year ended 31 March 2020, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes, including a summary of 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 2020 and of its loss 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 United Kingdom, including the Financial Reporting Council'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**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Other information**

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material

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**BARNLEY SPV THREE LIMITED**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BARNLEY SPV THREE LIMITED  
(CONTINUED)**

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misstatement in the financial statements or a material misstatement of the other information. 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 the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

**Matter on which we are required to report under the Companies Act 2006**

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 Strategic Report or the Directors' Report.

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

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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report.

**Responsibilities of directors for the financial statements**

As explained more fully in the Directors' Responsibilities Statement on page 5, 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.

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**BARNSELY SPV THREE LIMITED**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BARNSELY SPV THREE LIMITED  
(CONTINUED)**

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**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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's Report.

**Use of our report**

This report is made solely to the Company's members 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 for our audit work, for this report, or for the opinions we have formed.

*Goodman Jones LLP*

Paul Bailey  
Senior Statutory Auditor

for and on behalf of  
**Goodman Jones LLP**

Chartered Accountants

29/30 Fitzroy Square, London, W1T 6LQ

25 September 2020

**BARNLEY SPV THREE LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2020**

	Note	2020 £000	2019 £000
Turnover	4	4,047	4,674
Cost of sales		(3,116)	(2,958)
<b>Gross profit</b>		<b>931</b>	<b>1,716</b>
Administrative expenses		(1,389)	(1,050)
<b>Operating (loss)/profit</b>	5	<b>(458)</b>	<b>666</b>
Interest receivable and similar income	7	6,189	6,584
Interest payable and expenses	8	(10,501)	(5,508)
<b>(Loss)/profit before tax</b>		<b>(4,770)</b>	<b>1,742</b>
Tax on (loss)/profit	9	909	(331)
<b>(Loss)/profit for the financial year</b>		<b>(3,861)</b>	<b>1,411</b>
<b>Other comprehensive income for the year</b>			
Effective portion of changes in fair value of cash flow hedge		(2,965)	(171)
Taxation in respect of items of other comprehensive income		668	(73)
<b>Other comprehensive income for the year</b>		<b>(2,297)</b>	<b>(244)</b>
<b>Total comprehensive income for the year</b>		<b>(6,158)</b>	<b>1,167</b>

The notes on pages 13 to 26 form part of these financial statements.

**BARNSELY SPV THREE LIMITED**  
**REGISTERED NUMBER: 07367971**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2020**

	Note	2020 £000	2019 £000
<b>Current assets</b>			
Debtors: amounts falling due after more than one year	10	119,020	116,036
Debtors: amounts falling due within one year	10	4,772	4,699
Cash at bank and in hand		8,520	8,822
		<u>132,312</u>	<u>129,557</u>
Creditors: amounts falling due within one year	11	(7,375)	(10,016)
<b>Net current assets</b>		<u>124,937</u>	<u>119,541</u>
<b>Total assets less current liabilities</b>		<u>124,937</u>	<u>119,541</u>
Creditors: amounts falling due after more than one year	12	(131,181)	(119,627)
<b>Net liabilities</b>		<u>(6,244)</u>	<u>(86)</u>
<b>Capital and reserves</b>			
Called up share capital	16	50	50
Other reserves	17	(6,653)	(4,356)
Profit and loss account	17	359	4,220
		<u>(6,244)</u>	<u>(86)</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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



**A N Duck**  
Director

Date: 25 September 2020

**BARNSELY SPV THREE LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2020**

	Called up share capital	Cash flow hedge reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 April 2019	50	(4,356)	4,220	(86)
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(3,861)	(3,861)
Taxation in respect of items of other comprehensive income	-	668	-	668
Hedge effective portion of change in fair value of designated hedging	-	(2,965)	-	(2,965)
<b>Other comprehensive income for the year</b>	-	(2,297)	-	(2,297)
<b>Total comprehensive income for the year</b>	-	(2,297)	(3,861)	(6,158)
<b>Total transactions with owners</b>	-	-	-	-
<b>At 31 March 2020</b>	<b>50</b>	<b>(6,653)</b>	<b>359</b>	<b>(6,244)</b>

The notes on pages 13 to 26 form part of these financial statements.

**BARNESLEY SPV THREE LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2019**

	Called up share capital	Cash flow hedge reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 April 2018	50	(4,112)	2,809	(1,253)
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	1,411	1,411
Taxation in respect of items of other comprehensive income	-	(73)	-	(73)
Hedge effective portion of change in fair value of designated hedging	-	(171)	-	(171)
<b>Other comprehensive income for the year</b>	-	(244)	-	(244)
<b>Total comprehensive income for the year</b>	-	(244)	1,411	1,167
<b>Total transactions with owners</b>	-	-	-	-
<b>At 31 March 2019</b>	<b>50</b>	<b>(4,356)</b>	<b>4,220</b>	<b>(86)</b>

The notes on pages 13 to 26 form part of these financial statements.

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**BARNESLEY SPV THREE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

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**1. General information**

Barnesley SPV Three Limited (the "Company") is a company limited by shares and incorporated and domiciled in England. The Company was incorporated on 7 September 2010. The registered address is as stated on the company information page.

**2. Accounting policies****2.1 Basis of preparation of financial statements**

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 1A – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland for smaller entities' ('FRS 102 1A'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

These Financial Statements contain information about the Company as an individual company and part of a group that qualifies as small.

The financial statements are presented in Sterling (£) to the nearest £'000.

**2.2 Going concern**

The financial statements are prepared on the going concern basis for reasons stated in the Directors' Report.

The Company currently has net liabilities of £6,244,000 (2019 - £86,000) as a result of accounting for the fair value of interest rate swap agreements of £8,213,000 (2019 - £5,248,000), the majority of which do not crystallise as liabilities for a number of years. As such, the Company's forecasts and projections, taking account of the impact of swaps and reasonably possible changes in trading performance, show that it should be able to operate within the level of its current facilities and continue to meet forecast loan covenants.

In the annual review of the Company's going concern, the Directors have considered the long term impact of the Covid-19 pandemic. The Company has entered into long-term contracts with both the client and suppliers, and after careful review of these contracts the Directors are confident that the Company can operate as normal for the next twelve months. The Directors have committed to carrying out regular review of the Company's cash flows to monitor the ongoing situation.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

**2. Accounting policies (continued)**

**2.3 Revenue**

Turnover during the construction period represents the costs capitalised during construction. During the operational period turnover represents the amounts due from the customer in respect of the activities undertaken as described in the Directors' report. The customer pays a monthly fee to the Company for the services provided (the Unitary Payment), which is allocated between turnover, interest receivable on the finance debtor and reimbursement of the finance debtor so as to generate a constant return in respect of the finance debtor over the life of the contract. Turnover reflects recharges for services provided, lifecycle costs and all operating costs plus an appropriate margin apportioned to these costs.

The margin applied is calculated on an annual basis and derived from the operational model which is updated at the end of each quarter based on the actual costs incurred to date. The margin is calculated as the total income forecast to be receivable over the life of the project less all service, life cycle and other operating costs forecast to be payable over the life of the project.

Turnover originates entirely in the United Kingdom and is stated exclusive of value added tax. Cost of sales represents costs incurred in respect of services delivered in the period.

**2.4 Current and deferred taxation**

Current tax is recognised for the amount of corporation tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

**2.5 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**2.6 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

**2. Accounting policies (continued)**

**2.7 Capitalised finance costs**

Finance costs are capitalised and measured initially at fair value and are measured subsequently at amortised cost using the effective interest method.

**2.8 Financial asset**

The assets of the Company fall under Service Concession Arrangements by virtue of the fact that the public sector customer ("Grantor") passes both elements of the asset control test:

- i) The Grantor controls the use of the asset via the project agreement and all service level requirements contained therein;
- ii) The Grantor controls the entitlement to the residual interest in the asset.

Under section 34 of FRS 102, such assets should be capitalised into a financial asset attributed to the provision of services when there is an unconditional right to receive cash or another financial asset from the Grantor. After initial recognition, the financial asset is accounted for in accordance with section 11 of FRS 102.

Pursuant to section 23 of FRS 102, revenue associated with the financial asset comprises service income related to facilities management, lifecycle maintenance and other administrative running costs of the Group.

**2.9 Financial instruments**

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and

(b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised

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**BARNSELY SPV THREE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

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**2. Accounting policies (continued)****2.9 Financial instruments (continued)**

cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and Loss Account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an 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.

Derivatives, including interest rate swaps, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate, except for hedging instruments in a designated hedging relationship that qualify for hedge accounting, where the resulting gain or loss is recognised as described in section 2.10 below.

**2.10 Hedge accounting**

The Company has entered into variable to fixed rate interest swaps to manage its exposure to interest rate cash flow risk on its variable rate debt. These derivatives are measured at fair value at each reporting date. To the extent the hedge is effective, movements in fair value are recognised in other comprehensive income and presented in a separate cash flow hedge reserve. Any ineffective portions of those movements are recognised in profit or loss for the period.

**2.11 Cash flow exemption**

Exemption has been taken from preparing a cash flow statement on the grounds that the company qualifies as a small company.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

**3. Judgements in applying accounting policies and key sources of estimation uncertainty**

The estimates and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial period are as follows:

Key sources of estimation uncertainty

**Financial Asset Interest Rate** - The financial asset interest income is based on the weighted average cost of capital of the project and is applied to the carrying value of the Financial Asset on a quarterly basis. The interest rate used is 5.08% (2019 - 5.47%) per annum.

**Service Margin** - After the assets are constructed, the company provides property management services. The remuneration for these services is recognised at cost plus an estimated mark up for profit on property management services. The average service margin rate used during the year is 19.28% (2019 - 13.49%) per annum.

**Fair value of interest rate swaps** - the fair value of interest rate swaps is determined by reference to mark-to-market valuations provided periodically by the senior lender.

**4. Turnover**

All turnover arose within the United Kingdom.

**5. Operating (loss)/profit**

The operating (loss)/profit is stated after charging:

	2020	2019
	£000	£000
Auditors' remuneration - audit fees	4	7
Recharges of Directors' services	58	106
	<u>62</u>	<u>113</u>

The emoluments of the directors are borne by ultimate parent entities. The amount recharged to the Company is presented above.

**6. Employees**

The Company had no employees during the year (2019: nil).

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**BARNSELY SPV THREE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

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**7. Interest receivable**

	2020 £000	2019 £000
Interest receivable from group companies	123	-
Deposit account interest	16	3
Interest receivable on finance debtor	6,050	6,581
	<u>6,189</u>	<u>6,584</u>

**8. Interest payable and similar expenses**

	2020 £000	2019 £000
Bank interest payable	3,748	4,313
Other loan interest payable	1,173	1,195
Debt breakage fee	5,580	-
	<u>10,501</u>	<u>5,508</u>

Debt breakage fee refers to costs incurred from replacing the existing debt structure through the refinancing exercise.

# BARNSELY SPV THREE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

### 9. Taxation

	2020 £000	2019 £000
<b>Corporation tax</b>		
Current tax on profits for the year	-	331
	-	331
<b>Total current tax</b>	-	331
<b>Deferred tax</b>		
Origination and reversal of timing differences	(909)	-
<b>Total deferred tax</b>	(909)	-
<b>Taxation on (loss)/profit on ordinary activities</b>	(909)	331

#### Factors affecting tax charge for the year

The tax assessed for the year is the same as (2019 - the same as) the standard rate of corporation tax in the UK of 19% (2019 - 19%) as set out below:

	2020 £000	2019 £000
(Loss)/profit on ordinary activities before tax	(4,770)	1,742
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	(909)	331
<b>Effects of:</b>		
<b>Total tax charge for the year</b>	(909)	331

# BARNSELY SPV THREE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

### 10. Debtors

	2020 £000	2019 £000
<b>Due after more than one year</b>		
Shareholder loan	6,207	-
Service concession financial asset	110,344	115,144
Deferred tax asset	2,469	892
	<u>119,020</u>	<u>116,036</u>
	2020 £000	2019 £000
<b>Due within one year</b>		
Shareholder loan	123	-
Corporation Tax	101	-
Prepayments and accrued income	264	777
Service concession financial asset	4,284	3,922
	<u>4,772</u>	<u>4,699</u>

In 2019 the Company issued, to its shareholders, an upstream loan totalling to a notional amount of £6,207,000. Interest is charged at a rate of 2.62% per annum. The final date for repayment is 31 March 2037.

The balance outstanding as at the year end is £6,329,000 which represents £6,207,000 of principal and £122,000 accumulated interest charged.

### 11. Creditors: Amounts falling due within one year

	2020 £000	2019 £000
Bank loans	3,737	3,064
Trade creditors	337	1,537
Amounts owed to group undertakings	-	440
Amounts owed to other participating interests	101	31
Corporation tax	-	492
Other taxation and social security	375	114
Other creditors	21	21
Accruals and deferred income	2,804	4,317
	<u>7,375</u>	<u>10,016</u>

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**BARNESLEY SPV THREE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

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**12. Creditors: Amounts falling due after more than one year**

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Bank loans	<b>84,512</b>	<b>75,049</b>
Amounts owed to group undertakings	<b>9,610</b>	<b>9,435</b>
Accruals and deferred income	<b>28,846</b>	<b>29,895</b>
Cash flow hedge - interest rate swap	<b>8,213</b>	<b>5,248</b>
	<b>131,181</b>	<b>119,627</b>

The balances of bank loans falling due after more than one year are recorded net of arrangement fees of £1,384k (2019 - £944k). The balances of amounts owed to group undertakings are recorded net of arrangement fees of £75k (2019 - £80k).



# BARNSELY SPV THREE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

### 13. Loans

	2020 £000	2019 £000
Amounts falling due within one year	3,737	3,503
Amounts falling due 1-2 years	4,372	3,324
Amounts falling due 2-5 years	13,150	10,951
Amounts falling due after more than 5 years	78,060	71,233
Unamortised facility arrangement fees	(1,460)	(1,024)
	97,859	87,987

#### Term Loan:

On 19 June 2019 the Company refinanced its term loans with Nationwide and Nord and replaced these with one Nord loan. The capital was repaid in full for the original loans and the new loan was drawn down for £53,659,000. The interest rate payable on the new loan is LIBOR plus 1.25%.

The existing loan with EIB remained in place with no changes.

All amounts drawn under the facilities are secured by a fixed and floating charge over all the assets, rights and undertakings of the Company.

As at 31 March 2020 £89,634,000 (2019: £79,056,000) is outstanding under the Term Loan facility, of which £51,703,000 (2019: £19,800,000) is subject to a variable interest rate.

#### Loan from parent company:

The parent company shareholders subscribed £11,665,000 on 29 October 2010 for Loan Notes issued by the parent company, which subsequently loaned this amount to the SPV. The loan from the parent company bears interest at 12% per annum and is repayable in semi-annual installments from 31 March 2013. The final repayment is due 31 March 2037.

As at 31 March 2020 £9,685,000 (2019: £9,955,000) is outstanding in respect of the loan.

#### Financial Derivatives:

The Company has entered into an interest rate swap contract with Nord LB bank to hedge its exposure to fluctuations in interest rates. The effect of the interest rate swap is that the Company pays a fixed rate of interest of 4% per annum plus a margin of 2.1% on its term loan from 01 November 2010 to 02 September 2036. Receipts and payments on interest rate instruments are recognised on an accruals basis over the life of the instrument.

As part of the refinancing activity a second interest rate swap contract was entered into with Nord LB bank to hedge its exposure. The effect was to pay a fixed rate of 1.268% plus 1.25% on its term loan.

The fair value of the interest rate swap as at 31 March 2020 is £8,213,000 (2019: £5,248,000).

# BARNSELY SPV THREE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

### 14. Financial instruments

	2020 £000	2019 £000
<b>Financial assets</b>		
Financial assets measured at amortised cost	<u>129,739</u>	<u>127,888</u>
<b>Financial liabilities</b>		
Derivative financial instruments designated as hedges of variable interest rate risk	(8,213)	(5,248)
Financial liabilities measured at amortised cost	<u>(100,206)</u>	<u>(92,899)</u>
	<u>(108,419)</u>	<u>(98,147)</u>

Financial assets measured at amortised cost comprise of trade debtors, accrued income, shareholder loans and financial assets in respect of infrastructure assets.

Financial liabilities measured at amortised cost comprise of bank loans, group loans, trade creditors, accruals and other creditors

Derivative financial instruments designated as hedges of variable interest rate risk comprise an interest rate swap. The fair value of the interest rate swap has been determined by reference to prices available from the markets on which the instruments involved are traded.

### 15. Deferred taxation

	2020 £000	2019 £000
At beginning of year	892	965
Charged to other comprehensive income	668	(73)
Utilised in year	909	-
<b>At end of year</b>	<u>2,469</u>	<u>892</u>

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

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**BARNSLEY SPV THREE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

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**15. Deferred taxation (continued)**

The deferred tax asset is made up as follows:

	2020 £000	2019 £000
Due to losses	909	-
Deferred tax on derivative financial instruments	1,560	892
	<u>2,469</u>	<u>892</u>

**16. Share capital**

	2020 £000	2019 £000
<b>Allotted, called up and fully paid</b>		
50,000 (2019 - 50,000) Ordinary shares of £1.00 each	50	50

**17. Reserves****Other reserves**

The cash flow hedge reserve includes all current and prior period change in fair value of designated hedging and the associated tax movement.

**Profit and loss account**

The profit and loss account includes all current and prior period retained profits and losses.

**BARNSELY SPV THREE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

**18. Related party transactions for the year ended 31 March 2020**

Name of related party	Relationship	Type of transaction	Income / (charges) for the year £'000	Capital receipts / (repayments) for the year £'000	Balance due (to) / from £'000
Barnsley Local Education Partnership Limited	Group undertaking	Management fees & compliance	(111)	-	(55)
Barnsley Metropolitan Borough Council	Shareholder	Unitary charge	13,300	-	0
Barnsley Holdco Three Limited	Parent	Shareholder loan and interest repayment	(1,173)	(269)	(10,824)
Barnsley Holdco Three Limited	Parent	Upstream Loan	123	-	6,329

**19. Related parties transactions for the year ended 31 March 2019**

Name of related party	Relationship	Type of transaction	Income / (charges) for the year £'000	Capital receipts / (repayments) for the year £'000	Balance due (to) / from £'000
Barnsley Local Education Partnership Limited	Group undertaking	Management fees & compliance	(117)	-	-
Barnsley Metropolitan Borough Council	Shareholder	Unitary charge	16,223	-	(31)
Barnsley Holdco Three Limited	Parent	Shareholder loan and interest repayment	(1,195)	-	(11,745)

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**BARNSELY SPV THREE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

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**20. Controlling party**

The Company is owned by Barnsley Holdco Three Limited, which in turn, is jointly controlled by Barnsley Local Education Partnership Limited (10% shareholding), Barnsley Partnership For Learning Limited (72% shareholding), Building Schools for the Future Investments LLP (9% shareholding) and Barnsley Metropolitan Borough Council (9% shareholding).

There are no controlling parties of Barnsley Holdco Three Limited as each party has an equal vote on all Board decisions. As such Barnsley Holdco Three Limited is the ultimate controlling party.