Inspiredspaces Nottingham (Holdings2) Limited

Directors' report and financial statements

Registered number 8121567

For the year ended 31 December 2016

Contents

Directors' report

The directors present their report and financial statements for the year ended 31 December 2016.

Principal activities
The principal activity of the company is that of a holding company with a single subsidiary, Inspiredspaces Nottingham (ProjectCo2) Limited.

The principal activities of the subsidiary are the design, redevelopment, financing and operation of a school and associated services under the Government's Building Schools for the Future scheme for a period of twenty six years pursuant to and in accordance with the terms of an agreement with the Nottingham City Council. This agreement together with a loan facilities agreement, a construction contract, a facilities management contract and other related contracts were signed on 24 August 2012. Construction of the school commenced in August 2012 and completed in August 2013.

The directors declared the payment of a dividend of £nil (2015: £350,000).

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

The directors anticipate that the company will continue its present role during 2017.

Future Developments
The company will continue to act as a holding company to Inspiredspaces Nottingham (Projectco2) Limited.

Post balance sheet events
There are no significant post balance sheet events.

Directors
The directors who held office during the period were as follows:

K Flaherty	
K Edwards	Appointed 11/11/2016
T Render	
M Trodd	Resigned 11/11/2016
J Uppal	
G Hanson	

Disclosure of information to auditor
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor
Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

K Flaherty
Director

Two London Bridge
London
SE1 9RA
2017

Statement of directors' responsibilities in respect of the Directors' report and the financial statements

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

Company law requires the directors to prepare company financial statements for each financial year. Under that law they have elected to prepare financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework.*

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 judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Inspiredspaces Nottingham (Holdings2) Limited

We have audited the financial statements of Inspiredspaces Nottingham (Holdings2) Limited for the year ended 31 December 2016 set out on pages 6 to 14. The financial reporting framework that has been applied in their preparation is applicable law and UK accounting standards (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*, applicable in the UK and Republic of Ireland.

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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate

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 December 2016 and of its result for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; 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 year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Directors' report:

- we have not identified material misstatements in that report; and
- in our opinion, that report has been prepared in accordance with the Companies Act 2006.

Independent auditor's report to the members of Inspiredspaces Nottingham (Holdings2) Limited *(continued)*

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 by the parent company, 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.

James Tracey (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH
United Kingdom

15 May 2017

Statement of Profit and Loss and Other Comprehensive Income
For year ended 31 December 2016

	Note	**2016**	2015
		£000	£000
Interest receivable and similar income		**226**	224
Interest payable and similar expenses		**(226)**	(224)
Net interest payable		**-**	-
Income received from subsidiary undertaking		**-**	350
Profit before tax		**-**	350
Taxation	3	**-**	-
Profit for the year, being total comprehensive income for the financial year		**-**	350

Notes on pages 9 to 14 form part of these financial statements.

Statement of Financial Position
at 31 December 2016

	Note	2016	2015
		£000	£000
Assets			
Current assets			
Other financial assets	5	**57**	57
Non current assets			
Investments	4	**10**	10
Other financial assets	5	**1,872**	1,872
Total assets		**1,939**	1,939
Current liabilities			
Other borrowings	6	**(57)**	(57)
Non current liabilities			
Other borrowings	6	**(1,872)**	(1,872)
Total liabilities		**(1,929)**	(1,929)
Net assets		**10**	10
Equity attributable to equity holders			
Ordinary shares	7	**10**	10
Total equity		**10**	10

These financial statements were approved by the board of directors on 15th May 2017 and were signed on its behalf by:

K Flaherty
Director
Registered number 8121567

Statement of changes in equity

for the year ended 31 December 2016

	Share Capital £000	Retained Earnings £000	Total Equity £000
Balance at 1 January 2015	10	-	10
Total comprehensive income for the year	-	350	350
Dividends paid	-	(350)	(350)
Balance at 31 December 2015	10	-	10
Balance at 1 January 2016	**10**	-	**10**
Total comprehensive income for the year	-	-	-
Dividends paid	-	-	-
Balance at 31 December 2016	10	-	10

Notes

(forming part of the financial statements)

1 Accounting policies

Inspiredspaces Nottingham (Holdings2) Limited (the "company") is a company incorporated and domiciled in the UK.

The company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements.

The company transitioned from IFRS to FRS 101 at 1 January 2015. In the transition to FRS 101 from Adopted IFRS, the Company has made no measurement and recognition adjustments. The transition to FRS 101 has not affected the financial position and financial performance of the Company.

These financial statements were prepared in accordance with Financial Reporting Standard 101, the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 101") as issued in August 2014. In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken. The amendments to FRS 101 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's ultimate parent undertaking, International Public Partnerships Limited Partnership includes the Company in its consolidated financial statements. The consolidated financial statements of International Public Partnerships Limited Partnership are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from Two London Bridge, London SE1 9RA. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 101 in respect of the following disclosure:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- An additional balance sheet for the beginning of the earliest comparative period following the respective change in accounting policy;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the company.

Where relevant, equivalent disclosures have been presented in the group accounts of International Public Partnerships Limited Partnership.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The financial statements are presented in pounds sterling which is the company's functional currency.

Measurement convention

The financial statements have been prepared under the historical cost convention.

Notes *(continued)*

1 Accounting policies *(continued)*

Going concern

The financial statements are prepared on the going concern basis which assumes that the company will continue in operational existence for the foreseeable future.

The directors have reviewed the company's cash flow forecasts and profit projections over the concession period. The forecasts demonstrate that the company expects to comply with its banking covenants and meet its liabilities as they fall due for the foreseeable future. The directors believe it is appropriate for the financial statements to be prepared on a going concern basis.

Non-derivative financial assets

The company initially recognises loans and receivables and deposits on the date that they originated.

The company derecognises a financial asset when the contractual rights to the cashflows from the asset expire, or it transfers the rights to receive contractual cashflows on a financial asset in a transaction in which substantially all the risks and reward or ownership or the financial asset are transferred.

Financial assets and liabilities are offset and the net amounts presented in the balance sheet when and only when the company has a legal right to offset the amount and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Non-derivative financial liabilities

The company initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date the company becomes party to the contractual provision of the instrument.

The company derecognises the liability when its contractual obligations are discharged, cancelled or expire. The company classifies non-derivative financial liabilities into the other liabilities category. Such financial liabilities are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Notes *(continued)*

1 Accounting policies *(continued)*

Impairment

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Investments

Investments in subsidiaries are carried at cost less provision for any impairment in value.

Interest receivable and similar income

Interest receivable is credited to the profit and loss account as it is earned.

Interest payable and similar expenses

Interest payable is charged to the profit and loss account as it is incurred.

Taxation

The company has entered into a composite trade agreement with the HMRC whereby Corporation tax is charged on accounting profits tax rates enacted or substantially enacted at the balance sheet dates.

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to those taxes levied by the same tax authority as the same taxable entity or a different tax entity but they intend to settle current tax liabilities and assets on a net basis, or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Judgements and key sources of estimation uncertainty

The preparation of these financial statements required management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the balance sheet date and the amounts reported for revenue and expenses during the year. However, the nature of estimation means that actual outcomes may differ from those estimates.

There are no significant accounting estimates or judgements required in the preparation of these financial statements.

Notes *(continued)*

2 Staff numbers and costs

There were no employees during the year (2015: none). The directors have no contract of services with the company (2015: nil). Amounts payable to third parties in respect of directors' services were £nil (2015: £nil).

The audit fee of £538 (2015:£525) for the company is borne by Inspiredspaces Nottingham (Projectco2) Limited.

3 Taxation

Analysis of the tax charge
No liability to UK corporation tax arose for the year ended 31 December 2016 nor for the year ended 31 December 2015.

Reconciliation of total tax charge included in profit and loss
The tax assessed for the year is the equal to (2015: lower than) the standard rate of corporation tax in the UK. The difference is explained below:

	2016	2015
	£000	£000
Profit before tax	-	350
Profit multiplied by the standard rate of corporation tax in the UK of 20% (2015: 20.25%)	-	71
Effects of:		
Income not chargeable for tax purposes	-	(71)
Total tax charge	-	-

Factors that may affect future tax charges
A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. There is no recognised or unrecognised deferred tax asset (2015: £nil).

4 Investments in subsidiaries

The company has the following investment in a subsidiary:

	2016	2015
	£000	£000
Investment in subsidiary	**10**	10

Notes *(continued)*

4 Investments in subsidiaries *(continued)*

Investments in subsidiary undertakings represent a holding of 100% of the ordinary share capital of Inspiredspaces Nottingham (ProjectCo2) Limited. The company is incorporated in Great Britain registered at Two London Bridge, London, SE1 9RA and its sole purpose in the design, build operation, servicing and maintenance of a school in Nottingham. The company has sole control over the operating decisions of the subsidiary.

5 Other financial assets

	2016 £000	2015 £000
Current assets		
Amounts due from subsidiary	57	57
	57	57
Non current assets		
Amount due from subsidiary	1,872	1,872
	1,872	1,872

6 Other borrowings

	2016 £000	2015 £000
Other current borrowings		
Accruals	57	57
	57	57
Other non-current borrowings	1,872	1,872
	1,872	1,872
An analysis of the maturity of the shareholder loan:		
Wholly repayable within five years	55	37
Non wholly repayable within five years	1,817	1,835
	1,872	1,872

The company's shareholders have subscribed to £1,872,000 of Loan Stock on 28 March 2014, in proportion to their shareholdings. These funds were used to repay other borrowings and the equity bridge facility. The loan stock is charged at a fixed rate of 12% and is repaid semi-annually with the first instalment on 30th September 2019.

Notes *(continued)*

7 Ordinary Shares

	2016	2015
	£000	£000
Allotted, called up and fully paid		
7,200 A ordinary shares of £1 each	**7**	7
900 B ordinary shares of £1 each	**1**	1
900 C ordinary shares of £1 each	**1**	1
1,000 D ordinary shares of £1 each	**1**	1
Total allotted shares	**10**	10

The holders of ordinary shares are entitles to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

8 Ultimate parent company and parent company of larger company

The directors regard Building Schools for the Futures Investments LLP, an entity incorporated in England and Wales as the immediate parent undertaking and controlling party and International Public Partnerships Limited, a company registered in Guernsey as the ultimate parent undertaking and controlling party. Copies of the consolidated financial statements of International Public Partnerships Limited Partnership, the smallest and largest company of which the company is a member and for which company financial statements are prepared, can be obtained from the registered address at Two London Bridge, London, SE1 9RA.