

**Group Strategic Report, Directors' Report and
Audited Consolidated Financial Statements for the Year Ended 31 March 2020**
for
**Yorkshire Learning Partnership Holdco
Limited**



**Yorkshire Learning Partnership Holdco
Limited (Registered number: 09514903)**

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for the Year Ended 31 March 2020**

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**Yorkshire Learning Partnership Holdco
Limited**

**Company Information
for the Year Ended 31 March 2020**

DIRECTORS:

J Doshi
A Duck
J Fox
A Thakrar
A Travis

SECRETARY:

A Travis

REGISTERED OFFICE:

Bridge Place 1
Anchor Boulevard
Crossways
Dartford
Kent
DA2 6SN

REGISTERED NUMBER:

09514903 (England and Wales)

INDEPENDENT AUDITORS:

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

**Yorkshire Learning Partnership Holdco
Limited (Registered number: 09514903)**

**Group Strategic Report
for the Year Ended 31 March 2020**

The directors present their strategic report of the company and the group for the year ended 31 March 2020.

REVIEW OF BUSINESS

The principal activity of the group in the year was that of a holding company to Yorkshire Learning Partnership ProjectCo Limited (Projectco). The principal activity of that subsidiary is the design, construction, financing, operation and maintenance of seven secondary schools in the Bradford, Kirklees and Harrogate areas of Yorkshire, under the Government's PF2 scheme Priority Schools Building Programme (PSBP).

Financial close was achieved on 26 April 2016. The construction phase ended with the final school reaching services availability on 11 April 2018, whereupon the company commenced the operational phase. The post completion works were completed early in the year and the operational delivery and provision of facility management services have continued throughout the year. The group will continue to provide operational services to the seven schools, Beckfoot Upper Heaton, Harrogate High School, Dixons Cottingley Academy, Whitcliffe Mount School, All Saints Catholic College, Carlton Bolling and Beckfoot Oakbank School for the foreseeable future. The service delivery concession period is due to finish at the end of August 2042.

A summary of the results is shown in the Directors' Report on page 4. The Directors are satisfied with the financial result of the Company and believe it to be in line with the Company's contractual arrangements.

PRINCIPAL RISKS AND UNCERTAINTIES

The group's exposure to inflationary risk, particularly in relation to the build and ongoing maintenance cost base is mitigated by having index linked income streams with the Department for Education.

The group's exposure to interest rate risk is mitigated by fixed interest rate loan agreements with Aggregator Vehicle Plc.

During the operational phase of the contract the group is responsible for the daily operational and maintenance obligations of the schools. Failure to meet these obligations may result in performance deductions from the unitary charge received from the Department for Education. This risk is mitigated by a back-to-back contract with the facilities management service provider with any performance deductions being passed through under that contract.

At the beginning of the PF2 contract, the subsidiary Projectco negotiated debt facilities with funders and shareholders to ensure it has sufficient funds during the construction period and a sufficient unitary charge to cover operations.

The company's principal assets are cash, financial assets and trade receivables. The company's credit risk is primarily attributable to its trade receivables which are with one counterparty, the Department for Education, although in the opinion of the board of directors this risk is minimal as the obligations of the Department for Education have been underwritten by the Secretary of State for Education under the Project Agreement.

The group is exposed to Covid-19 risk following the global pandemic and the inherent uncertainties of when operations will return to normality. The risk to future income has been mitigated as the Department for Education has confirmed it has government backing to continue to pay the full unitary charge during the outbreak. Five of the seven schools remain open albeit with a reduced service to a small number of pupils. The facilities management service provider has been identified as a key worker by the government allowing operational services to continue and it has implemented additional health and safety practices in line with government guidelines. Some of the facility management provider's supply chain have suspended operations however it has been able to source the necessary materials for continued operations. Due to the evolving nature of the risk the board of directors continue to actively monitor and assess developments.

Group Strategic Report
for the Year Ended 31 March 2020

KEY PERFORMANCE INDICATORS

The group has financial and non-financial key performance indicators which impacts its' results for the year as well as future performance.

The key performance indicators of the group are:

Progress against the operating model - within the operational phase of the project the company produces an operating model to forecast the income and expenditure over the entire concession period. This is produced at the end of each calculation date, every September and March, then reviewed and approved by the Aggregator Vehicle. Progress is tracked against this model and the group continues to be in line with expectations.

Operational targets - once the schools are handed over as operational, they must be within predetermined service performance targets. Service levels are recorded by the facilities management company and performance deductions are discussed and agreed with the Authority on a monthly basis. Service and deduction levels are in line with expectations.

At the 31 March 2020 performance against these measures was satisfactory.

ON BEHALF OF THE BOARD:



.....
A Travis - Director

Date: 20 August 2020
.....

**Yorkshire Learning Partnership Holdco
Limited (Registered number: 09514903)**

**Directors' Report
for the Year Ended 31 March 2020**

The directors present their report with the audited financial statements of the company and the group for the year ended 31 March 2020.

DIVIDENDS

No dividends will be distributed for the year ended 31 March 2020.

FUTURE DEVELOPMENTS

The group will provide ongoing operational and maintenance services at all seven schools for the 24-year concession period to August 2042.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

IMPACT OF COVID-19

The ongoing global pandemic has continued to impact many UK organisations through ongoing political, economic and financial uncertainty but it has had negligible impact on the company and the group.

On 2 April 2020, following an action note from the Cabinet Office, the Infrastructure and Projects Authority (IPA) issued a guidance notification to Private Finance Initiatives and PF2 Projects, stating PFI contractors are considered to be part of the public sector response to the Covid-19 emergency and they would work closely with them to help maintain public services during the emergency period.

Classified as key workers, the facility management services continue throughout the emergency. The main focus is to ensure the schools are operational and either open for the dependants of key workers or, if closed, maintained to a standard enabling them to be reopened as and when required.

New working practices were introduced in line with Government and Public Health England's advice regarding the spread of infection to ensure the safety of personnel and the public.

The Department for Education has committed to maintain the monthly unitary charge payments throughout the emergency period enabling all financial commitments of the company and group to be met.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2019 to the date of this report.

A Travis
J Fox
J Doshi

Other changes in directors holding office are as follows:

G MacKinlay - resigned 12 July 2019
S Hockaday - resigned 8 November 2019
S Green - resigned 20 January 2020
A N Duck - appointed 20 January 2020
C Emery - resigned 28 May 2020
A Thakrar - appointed 28 May 2020

RESULTS

The consolidated results are set out in the income statement on page 9.

Turnover for the year was £3,382,000 (2019: £5,034,000). The profit before taxation was £352,000 (2019: £430,000) and the profit for the financial year was £285,000 (2019 profit: £348,000). Total capital and reserves of the group at 31 March 2020 were £1,965,000 (2019: £1,680,000).

**Directors' Report
for the Year Ended 31 March 2020**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 group and parent company and of the profit or loss of the group and parent company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and parent company will continue in business.

The directors are also responsible for safeguarding the assets of the group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and parent company's transactions and disclose with reasonable accuracy at any time the financial position of the group and parent company and enable them to ensure that the financial statements comply with the Companies Act 2006.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's and company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's and company auditors are aware of that information.

INDEPENDENT AUDITORS

In accordance with section 487(2) of the Companies Act 2006, the independent auditors, PricewaterhouseCoopers LLP, are deemed to be re-appointed.

ON BEHALF OF THE BOARD:



.....
A Travis - Director

Date: 20 August 2020
.....

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion, Yorkshire Learning Partnership Holdco Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2020 and of the group's profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Group Strategic Report, Directors' Report and Audited Consolidated Financial Statements (the "Annual Report"), which comprise: the Consolidated and Company Statements of Financial Position as at 31 March 2020; the Consolidated Income Statement and Consolidated Other Comprehensive Income, the Consolidated Statement of Cash Flows, and the Consolidated and Company Statements of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which 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 group's and 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion on, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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

**Independent Auditors' Report to the Members of
Yorkshire Learning Partnership Holdco
Limited (Registered number: 09514903)**

misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and 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 group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

OTHER REQUIRED REPORTING

Companies Act 2006 exception reporting

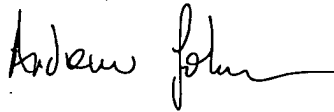
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or

**Independent Auditors' Report to the Members of
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Limited (Registered number: 09514903)**

- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Andrew Johns (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

Date: 20 August 2020

**Yorkshire Learning Partnership Holdco
Limited (Registered number: 09514903)**

**Consolidated Income Statement
for the Year Ended 31 March 2020**

| | Note | 2020 £'000 | 2019 £'000 |
|---|------|----------------|----------------|
| TURNOVER | | 3,382 | 5,034 |
| Cost of sales | | <u>(3,242)</u> | <u>(4,882)</u> |
| GROSS PROFIT | | 140 | 152 |
| Administrative expenses | | <u>(2)</u> | <u>(2)</u> |
| OPERATING PROFIT | 5 | 138 | 150 |
| Interest receivable and similar income | | <u>5,352</u> | <u>5,391</u> |
| | | 5,490 | 5,541 |
| Interest payable and similar expenses | 6 | <u>(5,138)</u> | <u>(5,111)</u> |
| PROFIT BEFORE TAXATION | | 352 | 430 |
| Tax on profit | 7 | <u>(67)</u> | <u>(82)</u> |
| PROFIT FOR THE FINANCIAL YEAR | | <u>285</u> | <u>348</u> |
| Profit attributable to: Owners of the parent | | <u>285</u> | <u>348</u> |

The notes on pages 17 to 25 form part of these financial statements

**Yorkshire Learning Partnership Holdco
Limited (Registered number: 09514903)**

**Consolidated Other Comprehensive Income
for the Year Ended 31 March 2020**

| | 2020 £'000 | 2019 £'000 |
|---|---------------|---------------|
| PROFIT FOR THE YEAR | 285 | 348 |
| OTHER COMPREHENSIVE INCOME | <u>-</u> | <u>-</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | <u>285</u> | <u>348</u> |
| Total comprehensive income attributable to: Owners of the parent | <u>285</u> | <u>348</u> |

The notes on pages 17 to 25 form part of these financial statements

**Yorkshire Learning Partnership Holdco
Limited (Registered number: 09514903)**

**Consolidated Statement of Financial Position
as at 31 March 2020**

| | Note | 2020 £'000 | 2019 £'000 |
|--|------|------------------|------------------|
| CURRENT ASSETS | | | |
| Debtors | 10 | 115,976 | 120,084 |
| Cash at bank and in hand | | <u>5,113</u> | <u>7,296</u> |
| | | 121,089 | 127,380 |
| CREDITORS: | | | |
| Amounts falling due within one year | 11 | <u>(5,345)</u> | <u>(7,713)</u> |
| NET CURRENT ASSETS | | <u>115,744</u> | <u>119,667</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 115,744 | 119,667 |
| CREDITORS: | | | |
| Amounts falling due after more than one year | 12 | <u>(113,779)</u> | <u>(117,987)</u> |
| NET ASSETS | | <u>1,965</u> | <u>1,680</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 15 | 10 | 10 |
| Retained earnings | 16 | <u>1,955</u> | <u>1,670</u> |
| TOTAL SHAREHOLDERS' FUNDS | 20 | <u>1,965</u> | <u>1,680</u> |

The financial statements on pages 9 to 25 were approved by the Board of Directors on 20 August 2020 and were signed on its behalf by:



A Travis - Director

The notes on pages 17 to 25 form part of these financial statements

Yorkshire Learning Partnership Holdco
Limited (Registered number: 09514903)

Company Statement of Financial Position
as at 31 March 2020

| | Note | 2020 £'000 | 2019 £'000 |
|--|------|---------------|---------------|
| FIXED ASSETS | | | |
| Investments | 9 | 10 | 10 |
| CURRENT ASSETS | | | |
| Debtors | 10 | 10,303 | 10,612 |
| CREDITORS: | | | |
| Amounts falling due within one year | 11 | (244) | (444) |
| NET CURRENT ASSETS | | <u>10,059</u> | <u>10,168</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 10,069 | 10,178 |
| CREDITORS: | | | |
| Amounts falling due after more than one year | 12 | (10,059) | (10,168) |
| NET ASSETS | | <u>10</u> | <u>10</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 15 | <u>10</u> | <u>10</u> |
| TOTAL SHAREHOLDERS' FUNDS | 20 | <u>10</u> | <u>10</u> |
| Company's result for the financial year | | <u>-</u> | <u>-</u> |

The financial statements were approved by the Board of Directors on 20 August 2020 and were signed on its behalf by:



A Travis - Director

The notes on pages 17 to 25 form part of these financial statements

Yorkshire Learning Partnership Holdco
Limited (Registered number: 09514903)

Consolidated Statement of Changes in Equity
for the Year Ended 31 March 2020

| | Called up share capital £'000 | Retained earnings £'000 | Total equity £'000 |
|---------------------------------------|--|-------------------------------|--------------------------|
| Balance at 1 April 2018 | 10 | 1,322 | 1,332 |
| Changes in equity | | | |
| Profit and total comprehensive income | - | 348 | 348 |
| Balance at 31 March 2019 | 10 | 1,670 | 1,680 |
| Changes in equity | | | |
| Total comprehensive income | - | 285 | 285 |
| Balance at 31 March 2020 | 10 | 1,955 | 1,965 |

The notes on pages 17 to 25 form part of these financial statements

**Yorkshire Learning Partnership Holdco
Limited (Registered number: 09514903)**

**Company Statement of Changes in Equity
for the Year Ended 31 March 2020**

| | Called up share capital £'000 | Retained earnings £'000 | Total equity £'000 |
|---------------------------------|--|-------------------------------|--------------------------|
| Balance at 1 April 2018 | 10 | - | 10 |
| Changes in equity | - | - | - |
| Balance at 31 March 2019 | 10 | - | 10 |
| Changes in equity | - | - | - |
| Balance at 31 March 2020 | 10 | - | 10 |

The notes on pages 17 to 25 form part of these financial statements

Yorkshire Learning Partnership Holdco
Limited (Registered number: 09514903)

Consolidated Statement of Cash Flows
for the Year Ended 31 March 2020

| | Note | 2020 £'000 | 2019 £'000 |
|---|------|---------------------|---------------------|
| Cash flows from operating activities | | | |
| Cash generated from operations | 1 | 7,151 | 6,320 |
| Interest received | | 54 | 53 |
| Interest paid | | - | (1) |
| Tax paid | | <u>(82)</u> | <u>(170)</u> |
| Net cash from operating activities | | <u>7,123</u> | <u>6,202</u> |
| Cash flows from financing activities | | | |
| New loans in year | | - | 4,559 |
| Loan repayments in year | | (4,397) | (3,811) |
| Interest paid | | <u>(4,909)</u> | <u>(4,931)</u> |
| Net cash used in financing activities | | <u>(9,306)</u> | <u>(4,183)</u> |
| (Decrease)/increase in cash and cash equivalents | | <u>(2,183)</u> | <u>2,019</u> |
| Cash and cash equivalents at beginning of year | 2 | <u>7,296</u> | <u>5,277</u> |
| Cash and cash equivalents at end of year | 2 | <u><u>5,113</u></u> | <u><u>7,296</u></u> |

The notes on pages 17 to 25 form part of these financial statements

**Yorkshire Learning Partnership Holdco
Limited (Registered number: 09514903)**

**Notes to the Consolidated Statement of Cash Flows
for the Year Ended 31 March 2020**

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

| | 2020 | 2019 |
|---------------------------------------|---------------------|---------------------|
| | £'000 | £'000 |
| Profit before taxation | 352 | 430 |
| Service margin | (141) | (151) |
| Finance costs | 5,138 | 5,111 |
| Finance income | <u>(5,352)</u> | <u>(5,391)</u> |
| | (3) | (1) |
| Decrease in trade and other debtors | 9,479 | 7,041 |
| Decrease in trade and other creditors | <u>(2,325)</u> | <u>(720)</u> |
| Cash generated from operations | <u><u>7,151</u></u> | <u><u>6,320</u></u> |

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 March 2020

| | 31.3.20 | 1.4.19 |
|---------------------------|---------------------|---------------------|
| | £'000 | £'000 |
| Cash and cash equivalents | <u><u>5,113</u></u> | <u><u>7,296</u></u> |

Year ended 31 March 2019

| | 31.3.19 | 1.4.18 |
|---------------------------|---------------------|---------------------|
| | £'000 | £'000 |
| Cash and cash equivalents | <u><u>7,296</u></u> | <u><u>5,277</u></u> |

3. ANALYSIS OF CHANGES IN NET DEBT

| | At 1.4.19 £'000 | Cash flow £'000 | At 31.3.20 £'000 |
|---------------------------------|-------------------------|---------------------|-------------------------|
| Net cash | | | |
| Cash at bank and in hand | <u>7,296</u> | <u>(2,183)</u> | <u>5,113</u> |
| | <u>7,296</u> | <u>(2,183)</u> | <u>5,113</u> |
| Debt | | | |
| Debts falling due within 1 year | (4,517) | (41) | (4,558) |
| Debts falling due after 1 year | <u>(117,987)</u> | <u>4,208</u> | <u>(113,779)</u> |
| | (122,504) | 4,167 | (118,337) |
| Total | <u><u>(115,208)</u></u> | <u><u>1,984</u></u> | <u><u>(113,224)</u></u> |

The notes on pages 17 to 25 form part of these financial statements

**Yorkshire Learning Partnership Holdco
Limited (Registered number: 09514903)**

**Notes to the Consolidated Financial Statements
for the Year Ended 31 March 2020**

1. STATUTORY INFORMATION

Yorkshire Learning Partnership Holdco Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared in accordance with Financial Reporting Standard 102 (FRS102) "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The group's functional and presentation currency of these financial statements is pounds sterling and all amounts have been rounded to the nearest £1,000, except where otherwise stated.

As permitted by section 408 of the Companies Act 2006, the income statement of the company has not been separately presented in these financial statements. The company's result for the year are £nil (2019: £nil).

Basis of consolidation

The consolidated financial statements include the results of the parent company and its subsidiary undertakings for the year ended 31 March 2020. Any subsidiary undertakings sold or acquired during the year are included up to, or from, the dates of change of control or change of significant influence respectively. Turnover and profits arising between group companies are eliminated on consolidation.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements under FRS 102 requires management to make estimates and assumptions that affect amounts recognised for assets and liabilities at the statement of financial position date and the amounts of revenue and expenses incurred during the reported period. Actual outcomes may therefore differ from these estimates and assumptions. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised either in the period in which the estimate is revised, if it affects only that period, or in both the period of revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have the most significant impact on the carrying value of the assets and liabilities of the company are as follows:

Service concession arrangements

Accounting for the service concession contract and financial asset requires an estimation of service margins, finance debtors interest rates and associate amortised profile which is based on forecast results of the PFI contract.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Investments

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

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2020

2. **ACCOUNTING POLICIES - continued**

Financial instruments

Financial asset - service concessions

The group is a special purpose vehicle entity established to provide design, build and maintenance services under certain private finance agreements with Department for Education (the Authority). Under the terms of these agreements, the Authority (as grantor) controls the services to be provided by the group over the contract term as well as holding the asset. The group has classified the project as a service concession arrangement based on the contractual agreements and has accounted for the principal assets of, and income streams from, the project in accordance with FRS102, section 34.12 Service Concession Arrangements.

Under the terms of the arrangement, the group has the right to receive a unitary charge from the Authority, and as such the asset created has been accounted for as a financial asset. The financial asset has been recognised at the fair value of the consideration received, based on the fair value of the construction, running and operational costs, in line with FRS102.

The financial assets are classified as basic financial instruments in accordance with FRS102, schedule 11 and are subsequently measured at amortised cost using the effective interest method.

Financial liabilities

All interest-bearing loans and borrowings are recognised at amortised cost, using the effective interest rate method. Arrangement and such fees are netted off against the carrying value of the loan facility and amortised over the term of the debt.

Cash and cash equivalents

Cash and cash equivalents in the financial statements includes cash at bank.

Going Concern

The Directors reviewed the group's projected profits and cash flows within the financial operating model covering periods for the full concession period to Augusts 2042. Having reviewed the current status of the project and likely future developments in the foreseeable future, the Directors are confident of the group's ability to meet future liabilities as they fall due and accordingly the financial statements have been prepared on a going concern basis.

The impact of Covid-19 on the group has been examined and due to the nature of the project it has been negligible. The key impact has been the change to working practices of the facility management and management services providers. In line with Government advice, plans were implemented by management regarding non-essential travel, home working where possible and the introduction of social distancing and additional personal protection equipment on site. This has enabled continued provision of facility management services, maintaining both the schools open for key workers and those schools closed for a period.

The revenue streams have not been impacted. On 2 April 2020 the IPA issued a guidance notification regarding Private Finance Initiatives and PF2 Projects, following which the group received a commitment from the Department for Education to maintain the unitary charge payment throughout the emergency period which has provided security for the group.

A severe but plausible downside scenarios has been considered to challenge the financial operating model projections including: increased costs of 10% in the event of a change of facility management and/or managed services providers, increase in overhead costs of 5%, additional ongoing costs to be borne by the group or inflation rates rising to 3% with interest rates at 0%. The sensitivities were applied to the operational model and results were positive showing the group could sustain such scenarios.

Regular Covid-19 updates have been introduced by the Directors and they continue to monitor the situation throughout the crisis.

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Notes to the Consolidated Financial Statements - continued
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Interest payable

Interest payable and similar expenses include interest payable on borrowings and associated ongoing financing fees and are recognised in the income statement as they accrue using the effective interest method.

Interest receivable

Interest receivable and similar income includes interest receivable on funds invested and interest recognised on the finance asset using the effective interest method.

Taxation

Taxation 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 in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

3. EMPLOYEES AND DIRECTORS

There were no staff costs for the year ended 31 March 2020 nor for the year ended 31 March 2019.

The group had no employees during the year (2019: nil). The group is managed under a management services agreement.

4. DIRECTORS' EMOLUMENTS

None of the directors received any remuneration or other benefits for services to the group during the current year or prior year.

5. OPERATING PROFIT

Audit fees of £19,500 (2019: £14,745) for the group were borne by Laing O'Rourke Services Limited under the management services agreement during the current and prior year.

6. INTEREST PAYABLE AND SIMILAR EXPENSES

| | 2020 | 2019 |
|--------------------------|--------------|--------------|
| | £'000 | £'000 |
| Interest payable | - | 1 |
| Imputed interest payable | <u>5,138</u> | <u>5,110</u> |
| | <u>5,138</u> | <u>5,111</u> |

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**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2020**

7. TAX ON PROFIT

| | Year ended 31.03.20 £'000 | Year ended 31.03.19 £'000 |
|--|------------------------------------|------------------------------------|
| Current tax | | |
| UK corporation tax on profits for the year | <u>67</u> | <u>82</u> |
| Total current tax | <u><u>67</u></u> | <u><u>82</u></u> |
| Total tax per income statement | 67 | 82 |
| The charge for the year can be reconciled to the profit per the income statement as follows: | | |
| Profit before taxation - continuing operations | <u>352</u> | <u>430</u> |
| Profit multiplied by standard rate in the UK 19% (2019: 19%) | 67 | 82 |
| Effects of: | | |
| - expenses not deductible | <u>-</u> | <u>-</u> |
| Tax charge for the year | <u><u>67</u></u> | <u><u>82</u></u> |
| Income tax expense reported in the income statement | 67 | 82 |

Factors that may affect future tax charges

The tax rate for the current year remained at 19% (2019: 19%).

Section 2 of the Finance Act 2019 maintains a rate of 19% from 1 April 2020. This overrides previous changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 on 26 October 2015, which included a reduction to the main rate to reduce the rate to 18% from 1 April 2020.

Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

8. INDIVIDUAL INCOME STATEMENT

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

9. INVESTMENTS

Company

| | Shares in group undertakings £'000 |
|--------------------------------------|---|
| COST | |
| At 1 April 2019 and 31 March 2020 | <u>10</u> |
| NET BOOK VALUE | |
| At 31 March 2020 | <u><u>10</u></u> |
| At 31 March 2019 | <u><u>10</u></u> |

**Yorkshire Learning Partnership Holdco
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**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2020**

10. DEBTORS

| | Group | | Company | |
|---|----------------|----------------|----------------|---------------|
| | 2020 | 2019 | 2020 | 2019 |
| | £'000 | £'000 | £'000 | £'000 |
| Amounts falling due within one year: | | | | |
| Trade debtors | 8 | 558 | - | - |
| Prepayments and accrued income | <u>77</u> | <u>73</u> | <u>-</u> | <u>-</u> |
| | <u>85</u> | <u>631</u> | <u>-</u> | <u>-</u> |
| Amounts falling due after more than one year: | | | | |
| Financial asset | <u>115,891</u> | <u>119,453</u> | <u>10,303</u> | <u>10,612</u> |
| Aggregate amounts | <u>115,976</u> | <u>120,084</u> | <u>10,303</u> | <u>10,612</u> |

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | Group | | Company | |
|---|--------------|--------------|----------------|------------|
| | 2020 | 2019 | 2020 | 2019 |
| | £'000 | £'000 | £'000 | £'000 |
| Bank loans and overdrafts (see note 13) | 4,193 | 4,073 | - | - |
| Other loans (see note 13) | 365 | 444 | 244 | 444 |
| Trade creditors | 113 | 644 | - | - |
| Corporation Tax | 67 | 82 | - | - |
| VAT | 477 | 450 | - | - |
| Other creditors | - | 68 | - | - |
| Retention accrual | - | 1,782 | - | - |
| Accruals and deferred income | <u>130</u> | <u>170</u> | <u>-</u> | <u>-</u> |
| | <u>5,345</u> | <u>7,713</u> | <u>244</u> | <u>444</u> |

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | Group | | Company | |
|---------------------------|----------------|----------------|----------------|---------------|
| | 2020 | 2019 | 2020 | 2019 |
| | £'000 | £'000 | £'000 | £'000 |
| Bank loans (see note 13) | 103,843 | 107,821 | - | - |
| Other loans (see note 13) | <u>9,936</u> | <u>10,166</u> | <u>10,059</u> | <u>10,168</u> |
| | <u>113,779</u> | <u>117,987</u> | <u>10,059</u> | <u>10,168</u> |

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**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2020**

13. LOANS

Maturity of debt

| | 2020 £'000 | 2019 £'000 |
|---|----------------|----------------|
| Amounts falling due within one year: | | |
| Bank loans | 4,193 | 4,073 |
| Other loans | <u>365</u> | <u>444</u> |
| | 4,558 | 4,517 |
| Amounts falling due between one and two years: | | |
| Bank loans | 4,294 | 4,193 |
| Other loans | <u>256</u> | <u>245</u> |
| | 4,550 | 4,438 |
| Amounts falling due between two and five years: | | |
| Bank loans | 13,479 | 13,196 |
| Other loans | <u>963</u> | <u>852</u> |
| | 14,442 | 14,048 |
| Amounts falling due more than five years: | | |
| Bank loans | 88,127 | 92,704 |
| Unamortised issue costs | <u>(2,057)</u> | <u>(2,272)</u> |
| | 86,070 | 90,432 |
| Other loans | 8,827 | 9,194 |
| Unamortised issue costs | <u>(110)</u> | <u>(125)</u> |
| | 8,717 | 9,069 |
| Total bank loans | 108,036 | 111,894 |
| Total other loans | <u>10,301</u> | <u>10,610</u> |
| | <u>118,337</u> | <u>122,504</u> |

As at 31 March 2020 £15,817,000 of issue costs have been incurred by the project, of which £13,760,000 have been amortised to date.

Bank loans

On 26 April 2016, Yorkshire Learning Partnership ProjectCo Limited entered into a loan facility agreement with Aggregator Vehicle Plc (AV) of £117,984,629 at a fixed interest rate of 3.392% due to mature on 25 August 2041. As at 31 March 2020 the full £117,984,629 had been drawn down and subsequently £7,883,000 of capital repayments made.

The loan is an instalment debt, repayable by a six-monthly instalment, the first instalment was made in September 2018.

The loan is secured by the first fixed charge over all the assets, rights and undertakings of the group.

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**Notes to the Consolidated Financial Statements - continued
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13. LOANS – continued

Other loans

The loan is an instalment debt repayable by six monthly instalments from March 2019 to September 2041, with a fixed rate of interest of 9.4%. During the year £324,000 (2019: £nil) of capital repayments were made.

14. FINANCIAL INSTRUMENTS

The group has the following financial instruments:

| | 2020 £'000 | 2019 £'000 |
|---|----------------|----------------|
| Financial assets | | |
| Finance debtor - fixed rate | <u>115,891</u> | <u>119,453</u> |
| Trade debtors, accrued income and other debtors - amortised cost | <u>85</u> | <u>631</u> |
| Cash deposits - floating rate | <u>5,113</u> | <u>7,296</u> |
| Financial liabilities | | |
| Loan facility - fixed rate | <u>118,337</u> | <u>122,504</u> |
| Trade creditors, accruals, retention accrual and other creditors - amortised cost | <u>787</u> | <u>3,196</u> |

15. CALLED UP SHARE CAPITAL

| | | | | |
|----------------------------------|----------|----------------|---------------|---------------|
| Allotted, issued and fully paid: | | | | |
| Number: | Class: | Nominal value: | 2020 £ | 2019 £ |
| 10,000 (2019: 10,000) | Ordinary | £1 | <u>10,000</u> | <u>10,000</u> |

16. RESERVES

| | |
|---------------------|----------------------------|
| Group | Retained earnings £'000 |
| At 1 April 2019 | 1,670 |
| Profit for the year | <u>285</u> |
| At 31 March 2020 | <u>1,955</u> |

**Yorkshire Learning Partnership Holdco
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**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2020**

16. RESERVES - continued

| Company | Retained earnings £'000 |
|---------------------|-------------------------------|
| Profit for the year | - |
| At 31 March 2020 | <u>-</u> |

17. RELATED PARTY DISCLOSURES

There were related party transactions between the group and the following parties:

| | 2020 £'000 | 2019 £'000 |
|--|---------------|---------------|
| Details of payments made to Laing O'Rourke Plc and subsidiaries are as follows: | | |
| Subordinated debt loan | 226 | (3,191) |
| Interest on subordinated debt | 699 | 521 |
| Construction and facility management fees | 4,937 | 6,651 |
| Letter of credit fees | - | 5 |
| Other fees and services | <u>164</u> | <u>205</u> |
| | <u>6,026</u> | <u>4,191</u> |

| | | |
|----------------------------------|---------|---------|
| Balance payable as at 31st March | (7,828) | (8,515) |
|----------------------------------|---------|---------|

Details of payments made to Equitix Infrastructure 4 Limited and subsidiaries are as follows:

| | | |
|-------------------------------|------------|--------------|
| Subordinated debt loan | 65 | (912) |
| Interest on subordinated debt | 199 | 149 |
| Letter of credit fees | <u>-</u> | <u>9</u> |
| | <u>264</u> | <u>(754)</u> |

| | | |
|----------------------------------|---------|---------|
| Balance payable as at 31st March | (2,180) | (2,248) |
|----------------------------------|---------|---------|

Details of payments made to IUK Investments Limited and subsidiaries are as follows:

| | | |
|-------------------------------|------------|--------------|
| Subordinated debt loan | 32 | (456) |
| Interest on subordinated debt | <u>100</u> | <u>74</u> |
| | <u>132</u> | <u>(382)</u> |

| | | |
|----------------------------------|---------|---------|
| Balance payable as at 31st March | (1,090) | (1,124) |
|----------------------------------|---------|---------|

18. POST BALANCE SHEET EVENTS

On 28 May 2020 a share transfer took place by the shareholders of Yorkshire Learning Partnership PSP Limited, whereby Laing O'Rourke Plc sold 5,000 ordinary shares to Equitix Infrastructure 6 Limited. Following the share transfer Yorkshire Learning Partnership PSP Limited shareholders are; Laing O'Rourke Plc (22.2%); Equitix Infrastructure 4 Limited (22.2%) and Equitix Infrastructure 6 Limited (55.6%).

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**Notes to the Consolidated Financial Statements - continued
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19. ULTIMATE CONTROLLING PARTY

The immediate parent companies are IUK Investments Limited (10%) and Yorkshire Learning Partnership PSP Limited (90%), which in turn is owned by Laing O'Rourke Plc (77.8%) and Equitix Infrastructure 4 Limited (22.2%). By virtue of the company being a joint venture between these parties the Directors consider there is no ultimate controlling party.

On 28 May 2020 there was a change in the shareholdings of Yorkshire Learning Partnership PSP Limited as detailed in the Post Balance Sheet Events note 18.

20. TOTAL SHAREHOLDERS' FUNDS

Group

| | 2020 £'000 | 2019 £'000 |
|--|---------------------|---------------------|
| Profit for the financial year | <u>285</u> | <u>348</u> |
| Net addition to shareholders' funds | 285 | 348 |
| Opening shareholders' funds | <u>1,680</u> | <u>1,332</u> |
| Closing shareholders' funds | <u><u>1,965</u></u> | <u><u>1,680</u></u> |

Company

| | 2020 £'000 | 2019 £'000 |
|------------------------------------|------------------|------------------|
| Profit for the financial year | - | - |
| Opening shareholders' funds | <u>10</u> | <u>10</u> |
| Closing shareholders' funds | <u><u>10</u></u> | <u><u>10</u></u> |

21. SUBSIDIARIES AND RELATED UNDERTAKINGS

The list of subsidiaries and other related undertakings is as follows:

| Name | Address of Registered Office | Nature of Business | Interest |
|--|--|---|----------------------|
| Yorkshire Learning Partnership Projectco Limited | Bridge Place, Anchor Boulevard, Crossways Business Park, Dartford, Kent. DA2 6SN | Development and and service company | 100% ordinary shares |

The above company is included in the consolidation. The company's investment in Yorkshire Learning Partnership Projectco Limited is direct ownership.