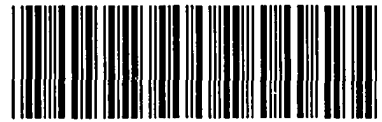


COMPANY REGISTRATION NUMBER: NI066156

**East Down Education Partnership (Holdings) Limited**  
**Financial Statements**  
**31 December 2018**

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# **East Down Education Partnership (Holdings) Limited**

## **Financial Statements**

**Year ended 31 December 2018**

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# **East Down Education Partnership (Holdings) Limited**

## **Directors' Report**

**Year ended 31 December 2018**

The directors present their report and the audited financial statements of the group for the year ended 31 December 2018.

### **Principal activities and business review**

The principal activity of the company is that of a holding company with a single subsidiary, East Down Education Partnership Limited.

The principal activity of the group is the provision of operational and maintenance services for three colleges in East Down (Ballynahinch, Downpatrick and Newcastle colleges), in accordance with a Project Agreement entered into with the Governing Body of the South Eastern Regional College.

The colleges became fully operational on 9 May 2011. The group is currently running the operation and maintenance services for the period to 9 May 2036, providing a full range of facilities management services under a contractual agreement that provides a regular income stream which is subject to deductions for service shortfalls and the unavailability of the facilities.

On 10 April 2018, the shares and loan stock previously held by BES PPP Limited in the company, were sold to BBGI Investments S.C.A.. At 31 December 2018, 100% of the share capital in the company was held by BBGI Investments S.C.A..

The United Kingdom is due to leave the European Union by 31 October 2019. The terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the group's trade, customers, suppliers and the wider economy. However, the group is not affected by the continued uncertainty surrounding the United Kingdom's membership of the European Union, as the cash flows generated from the PFI concession asset are secured under contract with the Governing Body of the South Eastern Regional College, a government body.

The result for the group for the year is shown in the Consolidated Profit and Loss Account and Statement of Comprehensive Income on page 7.

### **Directors**

The directors who served the company during the year and up to the date of this report are shown below:

A Naafs	
F Schramm	(Resigned 17 January 2019)
I Tayler	
E O'Hare	(Resigned 10 April 2018)
P Duffy	(Resigned 10 April 2018)

### **Dividends**

The directors approved and paid dividends of £60,000 (2017: £nil) during the year.

### **Future developments**

The updated forecast for the project confirms that it is performing satisfactorily and management of the scheme both logistically and financially remains under control. The directors remain confident that the group will maintain the current level of performance and keep meeting the obligations under the contract.

### **Donations**

The group and company made no political donations during the year (2017: £nil).

# East Down Education Partnership (Holdings) Limited

## Directors' Report *(continued)*

Year ended 31 December 2018

### Small company exemption

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006. The directors have taken advantage of the small companies exemptions provided by Sections 415A and 415B of the Companies Act 2006, which includes those in relation to the exemption from certain requirements of the Directors' report and the available exemption to not prepare a Strategic report.

### Disclosure of information to the auditors

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the group's auditors are unaware; and
- ~~they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's auditors are aware of that information.~~

### Independent auditors

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

### Going concern

The directors have reviewed the group's projected cash flows by reference to a financial model covering accounting periods up to 31 December 2036. The directors have also examined the current status of the group's principal contracts and likely developments in the foreseeable future. Having reviewed the available information, the directors consider that the group and company will be able to meet its financial obligations on the due dates for the foreseeable future. Accordingly, the directors consider that it is appropriate for the financial statements of the group and company to be prepared on a going concern basis.

This report was approved by the Board of directors on 28 June 2019 and signed on behalf of the Board by:

  
A. Naafs  
Director

Registered office:  
Ground Floor  
Quaygate House  
15 Scrabo Street  
Belfast  
BT5 4BD

# East Down Education Partnership (Holdings) Limited

## Directors' Responsibilities Statement

Year ended 31 December 2018

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 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 company and of the profit or loss of the group and 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 company will continue in business.

The directors are also responsible for safeguarding the assets of the group and 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 company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Signed on behalf of the Board by:



A. Naafs  
Director

Registered office:  
Ground Floor  
Quaygate House  
15 Scrabo Street  
Belfast  
BT5 4BD

Date:

28 June 2019

# **East Down Education Partnership (Holdings) Limited**

## **Independent Auditors' Report to the Members of East Down Education Partnership (Holdings) Limited**

**Year ended 31 December 2018**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion, East Down Education Partnership (Holdings) 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 December 2018 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 Financial Statements (the "Annual Report"), which comprise: the Consolidated and Company Balance Sheets as at 31 December 2018; the Consolidated Profit and Loss Account and Statement of Comprehensive Income, the Consolidated Cash Flow Statement and 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**

ISAs (UK) require us to report to you when:

- 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.

We have nothing to report in respect of the above matters.

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. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the group's trade, customers, suppliers and the wider economy.

# **East Down Education Partnership (Holdings) Limited**

## **Independent Auditors' Report to the Members of East Down Education Partnership (Holdings) Limited *(continued)***

**Year ended 31 December 2018**

### **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 or, 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 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 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.

### ***Directors' Report***

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2018 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 Directors' Report.

### **Responsibilities for the financial statements and audit**

#### ***Responsibilities of the directors for the financial statements***

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 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.

# **East Down Education Partnership (Holdings) Limited**

## **Independent Auditors' Report to the Members of East Down Education Partnership (Holdings) Limited *(continued)***

**Year ended 31 December 2018**

### **Responsibilities for the financial statements and audit *(continued)***

#### ***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](http://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
- 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.

### **Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Jonathan Studholme (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Manchester

28 June 2019



# East Down Education Partnership (Holdings) Limited

## Consolidated Profit and Loss Account and Statement of Comprehensive Income

Year ended 31 December 2018

	Note	2018 £000	2017 £000
<b>Turnover</b>	<b>4</b>	<b>1,818</b>	<b>1,704</b>
Cost of sales		(1,654)	(1,571)
Administrative expenses		(48)	(20)
<b>Operating profit</b>		<b>116</b>	<b>113</b>
Interest receivable and similar income	7	1,520	1,555
Interest payable and similar expenses	8	(1,500)	(1,539)
<b>Profit before taxation</b>		<b>136</b>	<b>129</b>
Tax on profit	9	(3)	(25)
<b>Profit for the financial year</b>		<b>133</b>	<b>104</b>
Fair value movements on cash flow hedging instruments		932	730
Tax recognised in relation to change in fair value cash flow hedges	9	(158)	(125)
<b>Other comprehensive income for the year</b>		<b>774</b>	<b>605</b>
<b>Total comprehensive income for the financial year</b>		<b>907</b>	<b>709</b>

The notes on pages 13 to 25 form part of these financial statements.

All the activities of the group are from continuing operations.

# East Down Education Partnership (Holdings) Limited

## Consolidated Balance Sheet

As at 31 December 2018

	Note	2018 £000	2017 Restated £000
<b>Current assets</b>			
Debtors: amounts falling due within one year	12	750	684
Debtors: amounts falling due after more than one year	12	22,980	23,858
Cash at bank and in hand		4,131	3,609
<b>Total current assets</b>		<b>27,861</b>	<b>28,151</b>
<b>Creditors: amounts falling due within one year</b>	13	<b>(4,727)</b>	<b>(4,192)</b>
<b>Net current assets</b>		<b>23,134</b>	<b>23,959</b>
<b>Total assets less current liabilities</b>		<b>23,134</b>	<b>23,959</b>
<b>Creditors: amounts falling due after more than one year</b>	14	<b>(28,158)</b>	<b>(29,830)</b>
<b>Net liabilities</b>		<b>(5,024)</b>	<b>(5,871)</b>
<b>Capital and reserves</b>			
Called up share capital	17	10	10
Cash flow hedge reserve	18	(5,367)	(6,141)
Profit and loss account		333	260
<b>Total equity</b>		<b>(5,024)</b>	<b>(5,871)</b>

The notes on pages 13 to 25 form part of these financial statements.

The financial statements on pages 7 to 25 were approved by the Board of directors on 22 June 2019 and signed on behalf of the Board by:

  
A. Naafs  
Director

Company registration number: NI066156

# East Down Education Partnership (Holdings) Limited

## Company Balance Sheet

As at 31 December 2018

	Note	2018 £000	2017 Restated £000
<b>Fixed assets</b>			
Investments	11	10	10
<b>Current assets</b>			
Debtors: amounts falling due within one year	12	31	30
Debtors: amounts falling due after more than one year	12	1,062	1,060
<b>Total current assets</b>		<b>1,093</b>	<b>1,090</b>
<b>Creditors: amounts falling due within one year</b>	13	<b>(31)</b>	<b>(30)</b>
<b>Net current assets</b>		<b>1,062</b>	<b>1,060</b>
<b>Total assets less current liabilities</b>		<b>1,072</b>	<b>1,070</b>
<b>Creditors: amounts falling due after more than one year</b>	14	<b>(1,062)</b>	<b>(1,060)</b>
<b>Net assets</b>		<b>10</b>	<b>10</b>
<b>Capital and reserves</b>			
Called up share capital	17	10	10
Profit and loss account		-	-
<b>Total equity</b>		<b>10</b>	<b>10</b>

The profit for the financial year of the company was £60,000 (2017: £nil).

The notes on pages 13 to 25 form part of these financial statements.

The financial statements on pages 7 to 25 were approved by the Board of directors on 22 June 2019 and signed on behalf of the Board by:

  
A Naafs  
Director

Company registration number: NI066156

# East Down Education Partnership (Holdings) Limited

## Consolidated Statement of Changes in Equity

Year ended 31 December 2018

	Note	Called up share capital £000	Cash flow hedge reserve £000	Profit and loss account £000	Total equity £000
<b>At 1 January 2017</b>		10	(6,746)	156	(6,580)
Profit for the financial year		–	–	104	104
Other comprehensive income for the year:					
Fair value movements on cash flow hedging instruments		–	730	–	730
Tax recognised in relation to change in fair value cash flow hedges	9	–	(125)	–	(125)
<b>Total comprehensive income for the year</b>		–	605	104	709
<b>At 31 December 2017</b>		10	(6,141)	260	(5,871)
Profit for the financial year		–	–	133	133
Other comprehensive income for the year:					
Fair value movements on cash flow hedging instruments		–	932	–	932
Tax recognised in relation to change in fair value cash flow hedges	9	–	(158)	–	(158)
<b>Total comprehensive income for the year</b>		–	774	133	907
Dividends paid and payable	10	–	–	(60)	(60)
<b>Total investments by and distributions to owners</b>		–	–	(60)	(60)
<b>At 31 December 2018</b>		10	(5,367)	333	(5,024)

The notes on pages 13 to 25 form part of these financial statements.

# East Down Education Partnership (Holdings) Limited

## Company Statement of Changes in Equity

Year ended 31 December 2018

	Note	Called up share capital £000	Profit and loss account £000	Total equity £000
<b>At 1 January 2017</b>		10	–	10
Result for the financial year		–	–	–
<b>At 31 December 2017</b>		10	–	10
Profit for the financial year		–	60	60
<b>Total comprehensive income for the year</b>		–	60	60
Dividends paid and payable	10	–	(60)	(60)
<b>Total investments by and distributions to owners</b>		–	(60)	(60)
<b>At 31 December 2018</b>		10	–	10

The notes on pages 13 to 25 form part of these financial statements.

# East Down Education Partnership (Holdings) Limited

## Consolidated Cash Flow Statement

Year ended 31 December 2018

	2018 £000	2017 £000
<b>Cash flows from operating activities</b>		
Profit for the financial year	133	104
<i>Adjustments for:</i>		
Interest receivable and similar income	(1,520)	(1,555)
Interest payable and similar expenses	1,500	1,539
Tax on profit	3	25
<i>Changes in:</i>		
Trade and other debtors	672	627
Trade and other creditors	445	575
Cash generated from operations	<u>1,233</u>	<u>1,315</u>
Interest paid	(1,494)	(1,534)
Interest received	1,520	1,555
Tax paid	(20)	(32)
Net cash generated from operating activities	<u>1,239</u>	<u>1,304</u>
<b>Cash flows from financing activities</b>		
Repayment of bank loan	(657)	(662)
Dividends paid	(60)	—
Net cash used in financing activities	<u>(717)</u>	<u>(662)</u>
<b>Net increase in cash and cash equivalents</b>	<b>522</b>	<b>642</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>3,609</b>	<b>2,967</b>
<b>Cash and cash equivalents at end of year</b>	<b><u>4,131</u></b>	<b><u>3,609</u></b>

The notes on pages 13 to 25 form part of these financial statements.

# **East Down Education Partnership (Holdings) Limited**

## **Notes to the Financial Statements**

**Year ended 31 December 2018**

### **1. General information**

The company is a private company limited by shares incorporated in the United Kingdom, and is registered and domiciled in the United Kingdom at Ground Floor, Quaygate House, 15 Scrabo Street, Belfast, BT5 4BD. The company's principal activity is that of a holding company with a single subsidiary, East Down Education Partnership Limited.

### **2. Statement of compliance**

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") and the Companies Act 2006. The presentation currency of these financial statements is sterling.

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

---

A number of balance sheet reclassifications have been performed in relation to the year ended 31 December 2017. Please see note 21 for further information.

### **3. Summary of significant accounting policies**

#### **Measurement convention**

The financial statements were prepared under the historical cost convention except that the following assets and liabilities are stated at their fair value: derivative financial instruments.

#### **Going concern**

The directors have reviewed the cash flow forecast up to 2036 and taking into account of reasonable possible changes in operations, believe that the group and company will be able to settle liabilities as they fall due for payment for the foreseeable future and therefore consider that it is appropriate to prepare these financial statements on a going concern basis.

#### **Exemptions for qualifying entities under FRS 102**

The company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemption available under FRS 102 in respect of the following disclosure:

- Cash Flow Statement and related notes.
- Basic Financial Instruments and Other Financial Instrument Issues.

# **East Down Education Partnership (Holdings) Limited**

## **Notes to the Financial Statements *(continued)***

**Year ended 31 December 2018**

### **3. Summary of significant accounting policies *(continued)***

#### **Critical accounting estimates and judgements**

The preparation of financial statements in conformity with FRS 102 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based upon historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods. Certain critical accounting estimates in applying the group's accounting policies are described below:

---

Accounting for the service concession contract and finance debtor requires an estimation of service margins, finance debtor interest rates and associated amortisation profile which is based on forecasted results of the PFI contract. Quarterly management accounts are produced, which compare actual financial performance with a detailed financial model. Variances are investigated and consideration given to the impact of any major variances. The financial model is updated on a six monthly basis, to reflect actual performance to date and accommodate any changes in economic assumptions such as, RPI and UK corporation tax rate. These processes ensure that the project remains robust and viable throughout the life of the contract.

#### **Basis of consolidation**

The group financial statements consolidate the financial statements of the company and its subsidiary undertaking, East Down Education Partnership Limited. The acquisition method of accounting has been adopted. The company has taken advantage of section 408 of the Companies Act 2006 not to publish its own Profit and Loss Account.

#### **Turnover**

Turnover represents the value of services rendered, excluding sales related taxes, and is recognised to the extent that the group obtains the right to consideration in exchange for its performance. During the construction phase, which completed on 9 May 2011, revenues in excess of net operating and finance costs were deferred until completion of construction, whereupon they will be released to the Profit and Loss Account over the remaining life of the concession. During the operational phase, turnover is recognised as contract activity progresses at a mark up on costs related to the provision of services. In line with FRS 102 23.22(a), the mark up is calculated based upon the forecast service revenues and costs over the concession period.



# East Down Education Partnership (Holdings) Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

### 3. Summary of significant accounting policies *(continued)*

#### **Taxation**

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

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 years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is recognised on trading losses carried forward and on the fair value of the swap derivative.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

#### **Investments**

Investments in subsidiary undertakings are stated at cost, less an appropriate provision to reflect any impairment in the value of the investments.

#### **Financial instruments**

##### *Trade and other debtors / creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest rate method, less any impairment losses in the case of trade debtors.

# East Down Education Partnership (Holdings) Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

### 3. Summary of significant accounting policies *(continued)*

#### Financial instruments *(continued)*

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

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

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and treasury deposits.

##### *Restricted cash balance*

The group is obligated to keep a separate cash reserve in respect of future major maintenance costs. This restricted cash balance, which is shown on the balance sheet within the "cash at bank and in hand" balance, amounts to £2,777,000 at the year end (2017: £2,316,000).

#### Other financial instruments

##### *Financial instruments not considered to be basic financial instruments (other financial instruments)*

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

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

#### Derivative financial instruments and hedging

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

##### *Cash flow hedges*

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

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

# East Down Education Partnership (Holdings) Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

### 3. Summary of significant accounting policies *(continued)*

#### Finance debtor

The group is an operator of a PFI contract. The underlying asset is not deemed to be an asset of the group under FRS 102 section 34.12C, because the risks and rewards of ownership as set out in that Standard are deemed to lie principally with the Authority.

During the construction phase of the project, all attributable expenditure was included in amounts recoverable on contracts and turnover. Upon becoming operational, the costs were transferred to the finance debtor. During the operational phase, income is allocated between interest receivable and the finance debtor using an asset specific interest rate. The remainder of the PFI unitary charge income is included within turnover in accordance with FRS 102 section 23.22(a). The group recognises income in respect of the services provided as it fulfils its contractual obligations in respect of those services and in line with the fair value of the consideration receivable in respect of those services.

#### Expenses

##### *Interest receivable and Interest payable*

Interest payable and similar expenses include interest payable on borrowings and associated on-going financing fees. Interest payable is recognised in the Profit and Loss Account, using the effective interest rate method.

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

### 4. Turnover

Turnover arises from:

	2018	2017
	£000	£000
Service income	1,818	1,704

The whole of the turnover is attributable to the principal activity of the group wholly undertaken in the United Kingdom.

### 5. Auditors' remuneration

The audit fee in respect of the group was £11,000 (2017: £11,000) and for the company £2,000 (2017: £2,000). All the group audit fees have been borne by the company's subsidiary undertaking, East Down Education Partnership Limited.

# East Down Education Partnership (Holdings) Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

### 6. Staff costs and directors' remuneration

The group and company had no employees during the year (2017: nil). No key management personnel received any remuneration during the year (2017: nil). The directors have no contract of service with the group and company. During the year the group incurred charges of £33,000 (2017: £nil) from BBGI Management HoldCo S.a.r.l. (an indirect and wholly owned subsidiary of BBGI SICAV S.A., which are both registered and domiciled at 6, Route de Treves, Building E, L-2633 Senningerberg, Luxembourg), for making available the services of the directors.

### 7. Interest receivable and similar income

	2018 £000	2017 £000
Bank interest receivable	12	5
Finance debtor interest receivable	1,508	1,550
	<u>1,520</u>	<u>1,555</u>

Interest is imputed on the finance debtor using an asset specific interest rate of 6.56%.

### 8. Interest payable and similar expenses

	2018 £000	2017 £000
Interest payable on bank loan	1,127	1,165
Interest payable on subordinated debt	370	371
Other interest payable and similar expenses	3	3
	<u>1,500</u>	<u>1,539</u>

### 9. Tax on profit

#### Tax expense

	2018 £000	2017 £000
<b>Current tax:</b>		
UK current tax (income)/expense	21	20
Adjustment to tax charge in respect of prior periods	(23)	–
<b>Deferred tax:</b>		
Origination and reversal of timing differences	5	5
<b>Tax on profit</b>	<u>3</u>	<u>25</u>

#### Tax recognised as other comprehensive income or equity

The aggregate deferred tax relating to items recognised as other comprehensive income or equity for the year was £158,000 (2017: £125,000). The effect of changes in tax rates and laws is £19,000 (2017: £15,000).

# East Down Education Partnership (Holdings) Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

### 9. Tax on profit *(continued)*

#### Reconciliation of tax expense

The tax assessed on the profit before taxation for the year is lower than (2017: the same as) the standard rate of corporation tax in the UK of 19% (2017: 19.25%).

	2018 £000	2017 £000
Profit before taxation	136	129
Profit by rate of tax	26	25
Adjustment to tax charge in respect of prior periods	(23)	—
Tax on profit	3	25

#### Factors that may affect future tax expense

The UK corporation tax rate will reduce to 17% from 1 April 2020. This change was substantively enacted as part of the Finance Bill on 6 September 2016. This change has been reflected in the financial statements and will reduce the group's future current tax charge accordingly. The deferred tax asset at 31 December 2018 has been calculated based on the rate of 17% substantively enacted at the balance sheet date.

### 10. Dividends

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2018 £000	2017 £000
Dividends on ordinary shares	60	—

During the year the company made a dividend payment of £60,000 (2017: £nil) to its shareholder, BBGI Investments S.C.A. (an indirect and wholly owned subsidiary of BBGI SICAV S.A., which are both registered and domiciled at 6, Route de Treves, Building E, L-2633 Senningerberg, Luxembourg).

### 11. Investments

Company	Shares in subsidiary undertaking £000
Cost	
At 1 January 2018 and 31 December 2018	10
Accumulated Impairment	
At 1 January 2018 and 31 December 2018	—
Carrying amount	
At 31 December 2018	10
At 31 December 2017	10

# East Down Education Partnership (Holdings) Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

### 11. Investments *(continued)*

The company owns 100% of the issued share capital (£10,000) of East Down Education Partnership Limited, which is registered and domiciled in the United Kingdom at Ground Floor, Quaygate House, 15 Scrabo Street, Belfast, BT5 4BD.

### 12. Debtors

Debtors falling due within one year are as follows:

	Group		Company	
	2018	2017	2018	2017
	£000	£000	£000	Restated* £000
Amounts owed by group undertakings	–	–	31	30
Finance debtor	715	670	–	–
Prepayments and accrued income	35	14	–	–
	<u>750</u>	<u>684</u>	<u>31</u>	<u>30</u>

\*Refer to note 21 for further information on the restated balances.

Debtors falling due after one year are as follows:

	Group		Company	
	2018	2017	2018	2017
	£000	£000	£000	Restated* £000
Amounts owed by group undertakings	–	–	1,062	1,060
Deferred tax asset	1,126	1,289	–	–
Finance debtor	21,854	22,569	–	–
	<u>22,980</u>	<u>23,858</u>	<u>1,062</u>	<u>1,060</u>

\*Refer to note 21 for further information on the restated balances.

Amounts owed by group undertakings are unsecured, repayable by 2036 and attract interest at 11.53%.

### 13. Creditors: amounts falling due within one year

	Group		Company	
	2018	2017	2018	2017
	£000	Restated* £000	£000	Restated* £000
Bank loans and overdrafts	1,029	947	–	–
Trade creditors	103	112	–	–
Corporation tax	21	20	–	–
Other creditors	226	226	–	–
Other taxation and social security	145	134	–	–
Subordinated debt (including accrued interest)	91	91	31	30
Accruals and deferred income	3,112	2,662	–	–
	<u>4,727</u>	<u>4,192</u>	<u>31</u>	<u>30</u>

\*Refer to note 21 for further information on the restated balances.

# East Down Education Partnership (Holdings) Limited

## Notes to the Financial Statements (continued)

Year ended 31 December 2018

### 14. Creditors: amounts falling due after more than one year

	Group		Company	
	2018	2017	2018	2017
	£000	Restated* £000	£000	Restated* £000
Bank loans and overdrafts	18,389	19,133	–	–
Subordinated debt	3,188	3,180	1,062	1,060
Swap liability	6,467	7,399	–	–
Accruals and deferred income	114	118	–	–
	<u>28,158</u>	<u>29,830</u>	<u>1,062</u>	<u>1,060</u>

\*Refer to note 21 for further information on the restated balances.

Included within Bank loans and overdrafts is an amount repayable after five years of £15,449,000 (2017: £15,935,000) and included within subordinated debt are amounts repayable after five years of £3,094,000 (2017: £3,140,000).

Bank loan relates to senior secured funding granted by the Bank of Ireland. The senior loan facility is for a total value of £25,501,000.

The senior loan facility consists of two separate facilities: a standby facility of £750,000 which has not yet been drawn down and a term loan facility of £24,751,000 which is repayable in forty eight six-monthly instalments ending 7 February 2035. Bank loans and overdrafts of £18,389,000 (2017: £19,133,000) includes an outstanding loan facility £18,282,000 (2017: £19,025,000) and the effective interest rate adjustment of £107,000 (2017: £108,000) in relation to the senior loan facility. Interest is charged on amounts drawn under the facility at LIBOR + 0.80%.

The senior loan facility is secured by a fixed charge over all leasehold interests, book debts, project accounts and intellectual property of the group and by a floating charge over the group's undertakings and assets.

Subordinated debt of £3,188,000 (2017: £3,180,000) includes an unsecured loan facility of £3,140,000 (2017: £3,140,000) due to the shareholder of the company, BBGI Investments S.C.A., and an effective interest rate adjustment of £48,000 (2017: £40,000) in relation to the subordinated loan facility. The subordinated loan facility bears interest at a fixed rate of 11.53% and is fully repayable by 2036.

### 15. Deferred tax

The deferred tax asset included in the group balance sheet is as follows:

	Group		Company	
	2018	2017	2018	2017
	£000	£000	£000	£000
Deferred tax on revaluation of fair value of derivatives	1,100	1,258	–	–
Deferred tax in relation to the effective interest rate adjustment	26	31	–	–
	<u>1,126</u>	<u>1,289</u>	<u>–</u>	<u>–</u>

# East Down Education Partnership (Holdings) Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

### 16. Financial instruments

#### (a) Carrying amount of financial instruments

The carrying amounts of the financial assets and liabilities include:

##### Financial assets

	Group	
	2018	2017
	£000	£000
Financial assets measured at amortised cost - finance debtor, trade and other debtors	22,569	23,239
Other financial instruments - cash and cash equivalents	4,131	3,609
	<u>26,700</u>	<u>26,848</u>

##### Financial liabilities measured at fair value through profit or loss

	Group	
	2018	2017
	£000	£000
Interest rate swap	<u>(6,467)</u>	<u>(7,399)</u>

##### Financial liabilities

	Group	
	2018	2017
	£000	£000
Financial liabilities measured at amortised cost - trade and other payables, bank loans and overdrafts, and subordinated debt	<u>(23,026)</u>	<u>(23,689)</u>

#### (b) Financial instruments measured at fair value

##### Derivative financial instruments

Market values have been used to determine the fair value of the swap arrangement.

#### (c) Hedge accounting

The following table indicates the periods in which the cash flows associated with the cash flow hedging instrument are expected to occur as required by FRS102.29(a) for the cash flow hedge accounting models and also the associated cash flow hedging instruments are expected to affect profit and loss:

	Carrying Amount £000	Within 1 year £000	Between 1-2 years £000	Between 2-5 years £000	5 years and over £000
31 December 2018 Interest rate SWAPS	<u>(6,467)</u>	<u>(767)</u>	<u>(580)</u>	<u>(1,208)</u>	<u>(2,560)</u>
31 December 2017 Interest rate SWAPS	<u>(7,399)</u>	<u>(767)</u>	<u>(748)</u>	<u>(1,404)</u>	<u>(2,945)</u>

The group has entered into an interest rate swap agreement under the bank loan in order to fix the base interest rate (LIBOR) at 5.0275% on the facilities to 2035. At the year end all the group's floating rate borrowings were at fixed rates after taking account of interest rate swaps.



# East Down Education Partnership (Holdings) Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

### 16. Financial instruments *(continued)*

#### (d) Fair values

The amounts for all financial assets and financial liabilities carried at fair value are as follows:

	2018	2017
	£000	£000
Interest rate swap contracts	<u>(6,467)</u>	<u>(7,399)</u>

### 17. Called up share capital

#### Group and company

#### Issued, called up and fully paid

	2018		2017	
	No.	£000	No.	£000
Ordinary shares of £1 each	<u>10,000</u>	<u>10</u>	<u>10,000</u>	<u>10</u>

### 18. Reserves

#### Cash flow hedge reserve

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

### 19. Related parties

#### Group

During the year the group entered into the following transactions with related parties:

	Transactions with related parties		Payables to related parties	
	2018	2017	2018	2017
	£000	£000	£000	£000
BBGI Management HoldCo S.a.r.l.	33	–	11	–
BBGI Investments S.C.A.	340	247	3,279	2,181
BES PPP Limited	<u>30</u>	<u>124</u>	<u>–</u>	<u>1,090</u>

### 20. Ultimate parent company and parent company of larger group

On 10 April 2018, the shares and loan stock previously held by BES PPP Limited in the company, were sold to BBGI Investments S.C.A..

At 31 December 2018, 100% of the share capital in the company was held by BBGI Investments S.C.A., which is registered and domiciled at 6, Route de Treves, Building E, L-2633 Senningerberg, Luxembourg.

BBGI Investments S.C.A. is an indirect and wholly owned subsidiary of BBGI SICAV S.A., a Luxembourg investment company listed on the London Stock Exchange.

# East Down Education Partnership (Holdings) Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

### 20. Ultimate parent company and parent company of larger group *(continued)*

BBGI Management HoldCo S.a.r.l. is an indirect and wholly owned subsidiary of BBGI SICAV S.A., a Luxembourg incorporated investment company listed on the London Stock Exchange, and is registered and domiciled at 6, Route de Treves, Building E, L-2633 Senningerberg, Luxembourg.

BBGI SICAV S.A. is the ultimate parent undertaking and controlling party as at 31 December 2018 and is registered and domiciled at 6, Route de Treves, Building E, L-2633 Senningerberg, Luxembourg.

No other financial statements consolidate the results of the group.

### 21. Prior year adjustments

#### Reconciliation of consolidated equity as at 31 December 2017

	Original £000	Adjustment £000	Restated £000
<b>Current assets</b>			
Debtors: amounts due within one year	684	—	684
Debtors: amounts falling due after more than one year	23,858	—	23,858
Cash at bank and in hand	3,609	—	3,609
<b>Total current assets</b>	28,151	—	28,151
<b>Creditors: amounts due within one year</b>	(3,942)	(250)	(4,192)
<b>Net current assets</b>	24,209	(250)	23,959
<b>Creditors: amounts falling due after more than one year</b>	(30,080)	250	(29,830)
<b>Net liabilities</b>	(5,871)	—	(5,871)
<b>Capital and reserves</b>			
Called up share capital	10	—	10
Cash flow hedge reserve	(6,141)	—	(6,141)
Profit and loss account	260	—	260
<b>Total equity</b>	(5,871)	—	(5,871)

# East Down Education Partnership (Holdings) Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

### 21. Prior year adjustments *(continued)*

#### Reconciliation of equity as at 31 December 2017

	Original £000	Adjustment £000	Restated £000
<b>Fixed assets</b>			
Investments	10	–	10
<b>Current assets</b>			
Debtors: amounts due within one year	44	(14)	30
Debtors: amounts falling due after more than one year	1,046	14	1,060
<b>Total current assets</b>	<u>1,090</u>	<u>–</u>	<u>1,090</u>
<b>Creditors: amounts due within one year</b>	<u>(44)</u>	<u>14</u>	<u>(30)</u>
<b>Net current assets</b>	<u>1,046</u>	<u>14</u>	<u>1,060</u>
<b>Total assets less current liabilities</b>	<u>1,056</u>	<u>14</u>	<u>1,070</u>
<b>Creditors: amounts falling due after more than one year</b>	<u>(1,046)</u>	<u>(14)</u>	<u>(1,060)</u>
<b>Net assets</b>	<u>10</u>	<u>–</u>	<u>10</u>
<b>Capital and reserves</b>			
Called up share capital	10	–	10
<b>Total equity</b>	<u>10</u>	<u>–</u>	<u>10</u>

#### Notes to the reconciliation of equity

At 31 December 2017, an amount of £(40,000) (2016: £(32,000)) in relation to the effective interest rate adjustment on the subordinated loan facility has been reclassified from payables due within one year to payables due after more than one year to correctly disclose the interest payable on the subordinated debt due within one year.

At 31 December 2017, an amount of £290,000 (2016: £296,000) in relation to interest payable on bank loans and overdrafts has been reclassified from payables due after more than one year to payables due within one year to correctly disclose the interest payable on bank loans and overdrafts due within one year.

At 31 December 2017, an amount of £(14,000) (2016: £(14,000)) in the standalone company financial statements in relation to the effective interest rate adjustment on the subordinated loan facility has been reclassified from debtors due within one year to debtors due after more than one year to correctly disclose the interest receivable on the subordinated debt due within one year from East Down Education Partnership Limited. In addition, an amount of £14,000 (2016: £14,000) in the standalone company financial statements in relation to the effective interest rate adjustment on the subordinated loan facility has been reclassified from payables due within one year to payables due after more than one year to correctly disclose the interest payable on the subordinated debt due within one year.