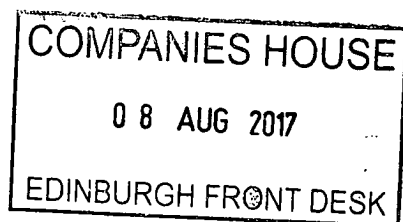


**Elgin Education (Aberdeenshire 2) Holdings Limited**  
**Annual Report and Financial Statements**  
**31 March 2017**



\*S6CENH7T\*

SCT

08/08/2017  
COMPANIES HOUSE

#502

# **Elgin Education (Aberdeenshire 2) Holdings Limited**

## **Annual Report and Financial Statements**

**Year Ended 31 March 2017**

<b>Contents</b>	<b>Page</b>
Officers and Professional Advisers	<b>1</b>
Directors' Report	<b>2</b>
Directors' Responsibilities Statement	<b>4</b>
Independent Auditors' Report to the Members	<b>5</b>
Statement of Comprehensive Income	<b>7</b>
Statement of Financial Position	<b>8</b>
Statement of Changes in Equity	<b>9</b>
Notes to the Financial Statements	<b>10</b>

# **Elgin Education (Aberdeenshire 2) Holdings Limited**

## **Officers and Professional Advisers**

### **The board of directors**

R Burge  
M Donn  
J Gordon  
M Smith

### **Company secretary**

Infrastructure Managers Limited

### **Registered office**

11 Thistle Street  
Edinburgh  
EH2 1DF

### **Auditors**

Johnston Carmichael LLP  
Chartered Accountants & Statutory Auditors  
7-11 Melville Street  
Edinburgh  
EH3 7PE

# **Elgin Education (Aberdeenshire 2) Holdings Limited**

## **Directors' Report**

### **Year Ended 31 March 2017**

The directors present their report and the financial statements of the Company for the year ended 31 March 2017.

#### **Principal Activities**

The principal activity of the Company is that of a Holding Company to Elgin Education (Aberdeenshire 2) Limited.

#### **Performance Review**

The profit for the year, after taxation, amounted to £280,000 (2016: £120,000).

The profit for the year will be transferred to reserves.

The directors are satisfied with the overall performance of the Company and do not foresee any significant change in the Company's activities in the coming financial year.

#### **Change of Company Secretary**

J Band resigned as Company Secretary on 1 April 2016.

Infrastructure Managers Limited were appointed as Company Secretary on 1 April 2016.

#### **Directors**

The directors who served the Company during the year and up to the date of this report were as follows:

R Burge  
M Donn  
J Gordon  
M Smith

#### **Dividends**

Particulars of dividends paid are detailed in note 10 to the financial statements.

#### **Disclosure of Information to Auditors**

In so far as the directors are aware:

- there is no relevant audit information of which the Company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Johnston Carmichael LLP were appointed auditors to the Company and in accordance with section 485 of the Companies Act 2006. a resolution proposing they be re-appointed will be put at a General Meeting.

#### **Small Company Provisions**

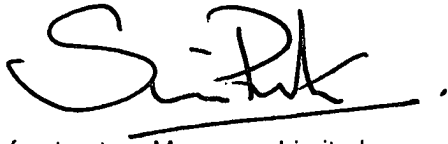
This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

# Elgin Education (Aberdeenshire 2) Holdings Limited

## Directors' Report *(continued)*

### Year Ended 31 March 2017

This report was approved by the board of directors on .....19 July 2017..... and signed by order of the board by:

A handwritten signature in black ink, appearing to be 'S. D. K.', written over a horizontal line.

Infrastructure Managers Limited  
Company Secretary

# Elgin Education (Aberdeenshire 2) Holdings Limited

## Directors' Responsibilities Statement

### Year Ended 31 March 2017

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


Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors' Responsibilities were approved by the board on 19 July 2017 and signed on its behalf by:



R Burge

Director

# **Elgin Education (Aberdeenshire 2) Holdings Limited**

## **Independent Auditors' Report to the Members of Elgin Education (Aberdeenshire 2) Holdings Limited**

### **Year Ended 31 March 2017**

We have audited the financial statements of Elgin Education (Aberdeenshire 2) Holdings Limited for the year ended 31 March 2017 set out on pages 7 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective Responsibilities of Directors and Auditor**

As more fully explained in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the Audit of the Financial Statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify any material misstatements and material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on Financial Statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on Other Matters Prescribed by the Companies Act 2006**

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

# **Elgin Education (Aberdeenshire 2) Holdings Limited**

## **Independent Auditors' Report to the Members of Elgin Education (Aberdeenshire 2) Holdings Limited** *(continued)*

**Year Ended 31 March 2017**

### **Matters on Which We are Required to Report by Exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

*Johnston Carmichael LLP*

**Irvine Spowart (Senior Statutory Auditor)**  
**For and on behalf of Johnston Carmichael LLP**

**Chartered Accountants**  
**Statutory Auditor**  
7-11 Melville Street  
Edinburgh  
EH3 7PE

*19 July 2017*



# Elgin Education (Aberdeenshire 2) Holdings Limited

## Statement of Comprehensive Income

Year Ended 31 March 2017

	Note	2017 £	2016 £
Income from shares in Group undertakings	6	280,000	120,000
Other interest receivable and similar income	7	652,893	656,571
Interest payable and similar expenses	8	(652,893)	(656,571)
<b>Profit before taxation</b>		<b>280,000</b>	<b>120,000</b>
Tax on profit	9	—	—
<b>Profit for the financial year and total comprehensive income</b>		<b><u>280,000</u></b>	<b><u>120,000</u></b>

All the activities of the Company are from continuing operations.

The notes on pages 10 to 15 form part of these financial statements.

# Elgin Education (Aberdeenshire 2) Holdings Limited

## Statement of Financial Position

As at 31 March 2017

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Investments	11	500,000	500,000
<b>Current assets</b>			
Debtors: due within one year	12	136,028	136,634
Debtors: due after more than one year	12	4,674,313	4,674,313
		<u>4,810,341</u>	<u>4,810,947</u>
<b>Creditors: amounts falling due within one year</b>	13	<u>(136,028)</u>	<u>(136,634)</u>
<b>Net current assets</b>		<u>4,674,313</u>	<u>4,674,313</u>
<b>Total assets less current liabilities</b>		<u>5,174,313</u>	<u>5,174,313</u>
<b>Creditors: amounts falling due after more than one year</b>	14	<u>(4,674,313)</u>	<u>(4,674,313)</u>
<b>Net assets</b>		<u><u>500,000</u></u>	<u><u>500,000</u></u>
<b>Capital and reserves</b>			
Called up share capital	15	5,000	5,000
Share premium account	16	495,000	495,000
Retained earnings	16	—	—
<b>Shareholders funds</b>		<u><u>500,000</u></u>	<u><u>500,000</u></u>

The financial statements have been prepared and delivered in accordance with the provisions applicable to the small companies regime.

These financial statements were approved by the board of directors and authorised for issue on 19 July 2017 and are signed on behalf of the board by:

  
R Burge  
Director

Company registration number: SC259896

The notes on pages 10 to 15 form part of these financial statements.

# Elgin Education (Aberdeenshire 2) Holdings Limited

## Statement of Changes in Equity

Year Ended 31 March 2017

		Called up share capital £	Share premium account £	Retained earnings £	Total £
<b>At 1 April 2015</b>		5,000	495,000	–	500,000
Profit for the year		—	—	120,000	120,000
<b>Total comprehensive income for the year</b>		—	—	120,000	120,000
Dividends paid and payable	10	—	—	(120,000)	(120,000)
<b>Total investments by and distributions to owners</b>		—	—	(120,000)	(120,000)
<b>At 31 March 2016</b>		5,000	495,000	–	500,000
Profit for the year		—	—	280,000	280,000
<b>Total comprehensive income for the year</b>		—	—	280,000	280,000
Dividends paid and payable	10	—	—	(280,000)	(280,000)
<b>Total investments by and distributions to owners</b>		—	—	(280,000)	(280,000)
<b>At 31 March 2017</b>		<u>5,000</u>	<u>495,000</u>	<u>–</u>	<u>500,000</u>

The notes on pages 10 to 15 form part of these financial statements.

# **Elgin Education (Aberdeenshire 2) Holdings Limited**

## **Notes to the Financial Statements**

### **Year Ended 31 March 2017**

#### **1. Statement of compliance**

The individual financial statements of Elgin Education (Aberdeenshire 2) Holdings Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A have been applied, other than where additional disclosure is required to show a true and fair view. The financial statements have been prepared under the historical cost convention.

#### **2. General information**

Elgin Education (Aberdeenshire 2) Holdings Limited ('the Company') is a private company limited by shares incorporated and domiciled in Scotland. The address of its registered office is 11 Thistle Street, Edinburgh, EH2 1DF.

The principal activity of the Company is that of a Holding Company to Elgin Education (Aberdeenshire 2) Limited.

The Company's functional and presentation currency is the pound sterling. Monetary amounts in these financial statements are rounded to the nearest pound.

#### **3. Accounting policies**

##### **(a) Basis of preparation**

These financial statements are prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed further in the accounting policies.

The accounting policies stated below have been consistently applied to the years presented, unless otherwise stated.

##### **(b) Disclosure exemptions**

The Company has taken advantage of the exemption in FRS 102 Section 7 'Statement of Cash Flows' part 1B, which states that a small company is not required to prepare a cash flow statement.

The Company has also taken advantage of the exemption in section 33 of FRS 102 'Related Party Disclosures' that allows it not to disclose transactions with wholly owned members of a group.

##### **(c) Consolidation**

The entity has taken advantage of the option not to prepare consolidated financial statements contained in Section 398 of the Companies Act 2006 on the basis that the entity and its subsidiary undertakings comprise a small group.

# Elgin Education (Aberdeenshire 2) Holdings Limited

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

### Year Ended 31 March 2017

#### 3. Accounting policies *(continued)*

##### **(d) Judgements and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty are as follows:

##### **i) Impairment of assets**

The carrying value of those assets recorded in the Company's Statement of Financial Position, at amortised cost, could be materially reduced where circumstances exist which might indicate that an asset has been impaired and an impairment review is performed. Impairment reviews consider the fair value and or value in use of the potentially impaired asset or assets and compares that with the carrying value of the asset or assets in the Statement of Financial Position. Any reduction in value arising from such a review would be recorded in the Statement of Comprehensive Income. Impairment reviews involve the significant use of assumptions. Consideration has to be given as to the price that could be obtained for the asset or assets, or in relation to a consideration of value in use, estimates of the future cash flows that could be generated by the potentially impaired asset or assets, together with a consideration of an appropriate discount rate to apply to those cash flows.

##### **ii) Market rate of interest**

The directors have reviewed the interest rates applied to the unsecured subordinated debt and consider these to be at a market rate.

##### **(e) Income tax**

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in Other Comprehensive Income or directly in equity. In this case tax is also recognised in Other Comprehensive Income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

##### **i) Current Tax**

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

##### **(f) Investments**

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

# Elgin Education (Aberdeenshire 2) Holdings Limited

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

### Year Ended 31 March 2017

#### 4. Auditors remuneration

The audit fee of £1,000 (2016: £1,240) was borne by the subsidiary company Elgin Education (Aberdeenshire 2) Limited. Auditor's remuneration is payable to Johnston Carmichael LLP (2016: RSM UK Audit LLP).

#### 5. Particulars of employees and directors

The average number of persons employed by the company during the financial year, including the directors, amounted to nil (2016: nil). The directors, who are also key management personnel, did not receive any remuneration from the Company during the year (2016: £nil).

#### 6. Income from shares in group undertakings

	2017 £	2016 £
Income from Group undertakings	<u>280,000</u>	<u>120,000</u>

#### 7. Other interest receivable and similar income

	2017 £	2016 £
Interest from Group undertakings	<u>652,893</u>	<u>656,571</u>

#### 8. Interest payable and similar expenses

	2017 £	2016 £
Interest due to Group undertakings	457,025	459,600
Subordinated debt interest payable	<u>195,868</u>	<u>196,971</u>
	<u>652,893</u>	<u>656,571</u>

#### 9. Tax on profit

##### Reconciliation of tax income

The tax assessed on the profit for the year is lower than (2016: lower than) the standard rate of corporation tax in the UK of 20% (2016: 20%).

	2017 £	2016 £
Profit before taxation	<u>280,000</u>	<u>120,000</u>
Profit by rate of tax	<u>56,000</u>	<u>24,000</u>
Non taxable dividend income	<u>(56,000)</u>	<u>(24,000)</u>
Tax on profit	<u>—</u>	<u>—</u>

#### 10. Dividends

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

	2017 £	2016 £
Interim dividend of £0.56 (2016: £0.24) per ordinary share	<u>280,000</u>	<u>120,000</u>

# Elgin Education (Aberdeenshire 2) Holdings Limited

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

### Year Ended 31 March 2017

#### 11. Investments

	Shares in Group £
<b>Cost</b>	
At 1 Apr 2016 and 31 Mar 2017	<u>500,000</u>
<b>Impairment</b>	
At 1 Apr 2016 and 31 Mar 2017	<u>-</u>
<b>Carrying amount</b>	
At 31 March 2017	<u>500,000</u>

#### Subsidiaries, associates and other investments

The Company owns 100% of the issued share capital of Elgin Education (Aberdeenshire 2) Limited.

	2017 £	2016 £
Aggregate capital and reserves	(5,592,416)	(6,445,279)
Profit for the year	666,019	777,495

On 15 July 2004, Elgin Education (Aberdeenshire 2) Limited signed a contract with Aberdeenshire Council to design, build, finance and operate and maintenance of six schools for 25 years.

The directors acknowledge the investment is in net liabilities, the cause of this is due to the derivative financial instruments being brought onto the balance sheet. The directors have reviewed the investments forecasts and projections and have reasonable expectation that no impairment indicators exist and the investment will continue in operation existence for the foreseeable future.

#### 12. Debtors

Debtors falling due within one year are as follows:

	2017 £	2016 £
Amounts owed by Group undertakings	<u>136,028</u>	<u>136,634</u>

Debtors falling due after one year are as follows:

	2017 £	2016 £
Amounts owed by group undertakings	<u>4,674,313</u>	<u>4,674,313</u>

The amounts owed by Group undertakings relate to subordinated debt and accrued interest on the debt due from Elgin Education (Aberdeenshire 2) Limited. The accrued interest of £136,028 (2016: £136,634) is interest free and is repayable on demand. The subordinated debt balance of £4,674,313 (2016: £4,674,313) bears interest at 14% per annum and is repayable in 2028, the directors believe that 14% is representative of market value.

# Elgin Education (Aberdeenshire 2) Holdings Limited

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

### Year Ended 31 March 2017

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

	2017	2016
	£	£
Amounts owed to Group undertakings	95,220	95,644
Accruals and deferred income	40,808	40,990
	<u>136,028</u>	<u>136,634</u>

Creditors amounts due within one year relates to interest due on subordinated debt balances.

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

	2017	2016
	£	£
Amounts owed to Group undertakings	3,272,019	3,272,019
Subordinated debt	1,402,294	1,402,294
	<u>4,674,313</u>	<u>4,674,313</u>

Subordinated debt provided by Elgin Infrastructure Limited (70%) and Aberdeen Infrastructure Limited (30%) bears interest at 14% per annum and is repayable in 2028. The directors believe that sub debt interest is at market rate. The Coupon on the principal accrues daily and is payable quarterly. The investment sum was advanced under a subordinated loan agreement and is therefore unsecured, and would rank alongside ordinary creditors in the case of a winding up.

#### 15. Called up share capital

##### Issued, called up and fully paid

	2017		2016	
	No	£	No	£
Ordinary shares of £0.01 each	<u>500,000</u>	<u>5,000</u>	<u>500,000</u>	<u>5,000</u>

#### 16. Reserves

Retained earnings - This reserve records retained earnings and accumulated losses.

Share premium account - This reserve records the amount above the nominal value received for shares sold, less transaction costs.

#### 17. Contingent liabilities

The Company has granted a guarantee supported by a debenture incorporation fixed and floating charges over its assets and undertaking, in security of its wholly owned subsidiary's term loan from Bank of Scotland plc. Senior debt due to Bank of Scotland plc at the year end was £36,284,128 (2016: £37,358,742).



# **Elgin Education (Aberdeenshire 2) Holdings Limited**

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

### **Year Ended 31 March 2017**

#### **18. Related party transactions**

During the year interest of £136,028 (2016: £136,636) was due from Elgin Education (Aberdeenshire 2) Limited, a wholly owned subsidiary. Subordinated debt due from Elgin Education (Aberdeenshire 2) Limited at the year end was £4,674,313 (2016: £4,674,313).

During the year interest of £652,893 (2016: £656,571) was receivable from Elgin Education (Aberdeenshire 2) Limited.

During the year interest of £457,025 (2016: £459,600) was paid to Elgin Infrastructure Limited. Interest of £95,219 (2016: £95,644) was due to Elgin Infrastructure Limited at the year end.

During the year interest of £195,868 (2016: £196,971) was paid to Aberdeen Infrastructure Limited. Interest of £40,805 (2016: £40,990) was due to Elgin Infrastructure Limited at the year end.

#### **19. Controlling party**

The company is owned 70% by Elgin Infrastructure Limited, which is jointly owned between Cobalt Project Investment Limited and 3i Infrastructure plc, and 30% by Aberdeen Infrastructure (No.3) Limited. There is no ultimate controlling party.