

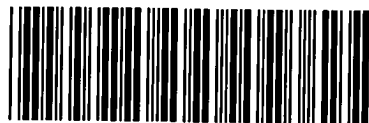
inspiredspaces Rochdale Limited

**Directors' report and financial
statements**

Registered number 7017267

For the year ended 31 December 2017

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Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2017.

Principal activities

The Company's principal activities are the provision of construction, information, communication and technology (ICT), project development and partnering services within the education sector in accordance with the terms of an agreement with Rochdale Borough Council. The contracts associated with this agreement were entered into on 11 January 2010.

Business review

The profit and loss account is set out on page 6 and relates to operating activities during the year. The directors recommended the payment of dividend of £5,591 in the year (2016: £402,000).

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

Directors

The directors who served during the year and subsequently were:

M Harding	(resigned 31 October 2017)
R Holt	(resigned 17 October 2017)
I Mason	(resigned 22 January 2018)
M Trodd	(resigned 15 December 2017)
S Bowness	
A Clapp	(resigned 4 July 2018)
J McDonagh	
P Kane	(resigned 31 March 2017)
David Wilcock	(appointed 1 April 2017)
G Devine	(appointed 15 December 2017 and resigned 29 August 2018)
K Edwards	(appointed 15 January 2018)
P Johnstone	(appointed 4 July 2018)

Principal risks and uncertainties

The majority of the Company's commercial risks are mitigated through sub-contracts to our key delivery partners in construction and ICT.

The management of the business and the execution of the company's strategy are subject to a number of rules. The key risks affecting the company are considered to relate to credit risk, liquidity risk and contractual relationships. The company is exposed to inflation risk as some of its operational costs are RPI linked.

Post balance sheet events

On 15 January 2018, Carillion plc and certain of its subsidiaries entered compulsory liquidation. Carillion were contracted to provide administrative, construction, financial and technical services to the Company. Management have a plan in place to transition these services to a new service provider. The impact of the change in service provider is not deemed to have a material impact on the project.

Disclosure of information to auditor

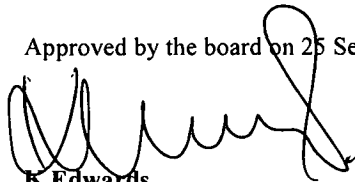
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make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

Directors' report *(continued)*

Auditor

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

Approved by the board on 25 September 2018 and signed on its behalf by:



K Edwards
Director

3 More London Riverside
London
SE1 2AQ

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

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including *FRS 102 Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



Independent auditor's report to the members of inspiredspaces Rochdale Limited

Opinion

We have audited the financial statements of inspiredspaces Rochdale Limited ("the company") for the year ended 31 December 2017 which comprise the Profit and loss account and other comprehensive income, Balance sheet, Statement of changes in equity, Cash flow statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Directors' report

The directors are responsible for the Directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the Directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Independent auditor's report to the members of inspiredspaces Rochdale Limited *(continued)*

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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 take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Peter Meehan (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

KPMG LLP

One Snowhill

Snow Hill Queensway

Birmingham

B4 6GH

27 September 2018

Profit and loss account and other comprehensive income
for the year to 31 December 2017

	<i>Note</i>	2017 £000	2016 £000
Gross turnover	2	831	1,273
Cost of sales		(719)	(1,126)
		<hr/>	<hr/>
Net turnover		112	147
Administrative expenses		(94)	-
Other operating income		-	264
		<hr/>	<hr/>
Operating profit		18	411
Net interest receivable and similar income	3	74	76
Interest payable and similar expense	4	(73)	(74)
Dividend income		6	-
		<hr/>	<hr/>
Profit before taxation		25	413
Taxation	7	(4)	(83)
		<hr/>	<hr/>
Profit after taxation		21	330
Other comprehensive income		-	-
		<hr/>	<hr/>
Total comprehensive income for the year		21	330
		<hr/>	<hr/>

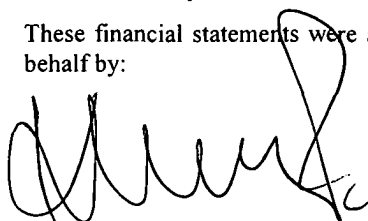
The notes form part of these financial statements.

Balance sheet
at 31 December 2017

	<i>Note</i>	2017 £000	2016 £000
Fixed assets			
Investments	8	2	2
Current assets			
Debtors: amounts due within one year	9	289	143
Debtors: amounts falling due after more than one year	9	646	659
Cash		273	427
		1,208	1,229
Creditors: Amounts falling due within one year	10	(538)	(561)
Net current assets		670	668
Total assets less current liabilities		672	670
Creditors: amounts falling due after more than one year	11	(646)	(659)
Net assets		26	11
Capital and reserves			
Called up share capital	12	2	2
Profit and loss account		24	9
Equity shareholders' funds		26	11

The notes form part of the financial statements.

These financial statements were approved by the board of directors on 25 September 2018 and were signed on its behalf by:



K Edwards
Director

Company registered number: 7017267

Statement of changes in equity

	Called up Share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2016	2	81	83
Total comprehensive income for the year			
Profit or loss	-	330	330
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	330	330
	<hr/>	<hr/>	<hr/>
Dividends	-	(402)	(402)
	<hr/>	<hr/>	<hr/>
Total contributions by and distributions to owners	-	(402)	(402)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2016	2	9	11
	<hr/>	<hr/>	<hr/>
Balance at 1 January 2017	2	9	11
Total comprehensive income for the year			
Profit or loss	-	21	21
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	21	21
	<hr/>	<hr/>	<hr/>
Dividends	-	(6)	(6)
	<hr/>	<hr/>	<hr/>
Total contributions by and distributions to owners	-	(6)	(6)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2017	2	24	26
	<hr/>	<hr/>	<hr/>

The notes form part of the financial statements.

Cash flow statement
for year ended 31 December 2017

	<i>Note</i>	2017 £000	2016 £000
Cash flows from operating activities			
Profit/(loss) for the year		21	330
<i>Adjustments for:</i>			
Interest receivable and similar income	3	(74)	(76)
Interest payable and similar expenses	4	73	74
Taxation	7	4	78
Dividend income		(6)	-
		<hr/>	<hr/>
		18	406
(Increase)/decrease in trade and other debtors		(157)	37
(Decrease) in trade and other creditors		(29)	(437)
Tax received/(paid)		13	(76)
		<hr/>	<hr/>
Net cash from operating activities		(155)	(70)
		<hr/>	<hr/>
Cash flows from financing activities			
Dividend paid		(6)	(402)
Interest paid		(97)	-
		<hr/>	<hr/>
Net cash from financing activities		(103)	(402)
		<hr/>	<hr/>
Cash flows from investing activities			
Dividend received		6	-
Interest received		98	-
		<hr/>	<hr/>
Net cash from investing activities		104	-
		<hr/>	<hr/>
Net (decrease) in cash and cash equivalents		(154)	(472)
Cash and cash equivalents at 1 January		427	899
		<hr/>	<hr/>
Cash and cash equivalents at 31 December		273	427
		<hr/>	<hr/>

The notes form part of the financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

inspiredspaces Rochdale Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK. The registered number is 7017267 and the registered address is 3 More London Riverside, London, SE1 2AQ.

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*") as issued in August 2014. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

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

1.1. Measurement convention

The financial statements are prepared on the historical cost basis.

1.2. Going concern

The financial statements have been prepared on a going concern basis which assumes the Company will continue in operational existence for the foreseeable future.

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

1.3 Basic financial instruments

Short term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Statement of comprehensive income in administrative expenses.

Cash and cash equivalents

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

Interest-bearing loans and borrowings

All interest-bearing loans and borrowings which are basic financial instruments are initially recognised at the present value of the future payments discounted at a market rate of interest for a similar loan. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Interest receivable and interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method and unwinding of the discount on provisions.

Other interest receivable and similar income include interest receivable on funds invested. Interest income and interest payable are recognised in profit or loss as they accrue. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established.

Notes (continued)

1 Accounting policies (continued)

1.4 Impairment of Financial Assets

Financial assets (including trade and other debtors)

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

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

1.5 Investments

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

1.6 Taxation

Tax on the profit or loss for the year comprises of current 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.

1.7 Judgements and key sources of estimation uncertainty

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

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

2 Turnover

In accordance with FRS 102, Section 23. The turnover represents the value, net of value added tax, of goods provided to customers and work carried out in respect of services provided to customers.

Revenue and expenses are recognised on an accruals basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises. Revenue is measured at the fair value of the consideration received, net of discounts and taxes.

To assist users of the financial statements, disclosure has been made of gross revenue, cost of sales and net revenue, to reflect the underlying commercial substance of the contractual arrangements of the company.

Notes *(continued)*

3 Interest receivable and similar income

	2017 £000	2016 £000
Amounts receivable from participating interest	74	75
Bank interest receivable	-	1
	<hr/>	<hr/>
Total interest receivable and similar income	74	76
	<hr/>	<hr/>

4 Interest payable and similar expenses

	2017 £000	2016 £000
Amounts due to shareholders	73	74
	<hr/>	<hr/>

5 Expenses and auditor's remuneration

	2017 £000	2016 £000
<i>Included in profit/loss are the following:</i>		
<i>Auditor's remuneration</i>		
Audit of these financial statements	9	12
	<hr/>	<hr/>

6 Directors' remuneration, staff numbers and costs

There were no employees during the year (2016: none).

The directors have no contract of service with the company. Amounts paid in respect of directors' services were £Nil (2016: £Nil).

7 Taxation

Total tax expense recognised in profit and loss account

	2017 £000	2016 £000
Current tax		
Current tax on income for the year	4	83
	<hr/>	<hr/>
Total tax	4	83
	<hr/>	<hr/>

Notes (continued)

7 Tax on profit on ordinary activities (continued)

Reconciliation of effective tax rate

	2017 £000	2016 £000
Profit/(loss) for the year	21	330
Total tax expense	4	83
Profit/(loss) excluding taxation	25	413
Tax using the UK corporation tax rate of 19.25% (2016: 20%)	5	83
Effect of:		
Non-taxable dividend income	(1)	-
Total tax expense include in profit or loss	4	83

Factors that may affect future current and total tax charges

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

8 Investments

	Shares in participating interest £000
<i>Cost and Net Book Value</i>	
At beginning and end of year	2

Shares in participating interest represent a holding of 10% of the ordinary share capital of inspiredspaces Rochdale (Holdings 1) Limited and a holding of 10% of the ordinary share capital of inspiredspaces Rochdale (Holding 2) Limited registered at 3rd Floor, 3-5 Charlotte Street, Manchester, M1 4HB. Both companies are incorporated in Great Britain. Their activities are the design, build, maintenance and operation of schools in the Rochdale area.

9 Debtors

	2017 £000	2016 £000
<i>Amounts falling due in less than one year</i>		
Trade debtors	209	61
Amounts due from participating interest	18	42
Other debtors	61	25
Prepayments and accrued income	1	15
	289	143
<i>Amounts falling due after more than one year</i>		
Amounts due from participating interest	646	659

Notes (continued)

10 Creditors: Amounts falling due in less than one year

	2017 £000	2016 £000
Trade creditors	93	18
Corporation tax	110	93
Amount due to shareholders	18	42
Accruals and deferred income	317	408
	<u>538</u>	<u>561</u>

11 Creditors: Amounts falling due after more than one year

	2017 £000	2016 £000
Amount due to shareholders	646	659
	<u>646</u>	<u>659</u>

One of the unsecured loans from shareholders (in proportion to their shareholding) carries interest at 11.25% from 31 March 2012, and falls due for payment in six monthly intervals. The first repayment fell due on 30 September 2012 with the final repayment falling due on 31 March 2036.

The other unsecured loan from shareholders (in proportion to their shareholding) carries interest at 11.55% from 31 March 2016, and falls due for payment in six monthly intervals. The first repayment fell due on 31 September 2016 with the final repayment falling due on 31 March 2038.

12 Share capital

	2017 £	2016 £
<i>Allotted, called up and fully paid:</i>		
200 A ordinary shares of £1 each	200	200
200 B ordinary shares of £1 each	200	200
1,600 C ordinary shares of £1 each	1,600	1,600
	<u>2,000</u>	<u>2,000</u>

The A ordinary shares, B ordinary shares and C ordinary shares rank pari passu in all respects.

13 Related party transactions

During the year, administrative, construction, financial and technical service amounting to £756,826 (2016: £1,283,212) were provided to the company by companies in the Carillion Plc group, a related party by virtue of its indirect interest in the company.

During the year, the Company received a total of £6,800 (2016: £6,800) in respect of technical services, provided to companies in the Carillion Plc group, a related party by virtue of its interest in the company.

As at 31 December 2017, £133,391 (2016: £28,069) was owed to parties related to Carillion Plc subsidiaries, in relation to the service described above.

As at 31 December 2017, £12,480 (2016: £4,320) was owed by parties related to Carillion plc subsidiaries in relation to the services described above.

Notes *(continued)*

13 Related party transactions *(continued)*

During the year, the Company received a total of £188,700 (2016: £752,470) in respect of construction and ICT services, provided to Rochdale Borough Council, a related party by virtue of its interest in the company.

As at 31 December 2017, £174,035 (2016: £12,415) was owed by Rochdale Borough Council, in relation to the services described above.

14 Immediate parent company and controlling party

As at 31 December 2017, 80% of the share capital of the company was held by inspiredspaces Rochdale (PSPI) Limited, 10% by Rochdale Borough Council and 10% by Building Schools for the Future Investments LLP. Under the terms of a shareholders' agreement, no individual shareholder is able to control or exert significant influence over the company and therefore, in the directors' opinion, there is no ultimate controlling party.

15 Post balance sheet events

On 15 January 2018, Carillion plc and certain of its subsidiaries entered compulsory liquidation. Carillion were contracted to provide administrative, construction, financial and technical services to the Company. Management have a plan in place to transition these services to a new service provider. The impact of the change in service provider is not deemed to have a material impact on the project.