

**Company Registration No. 05321895**

**Academy Services (Sheffield) Holdings Limited**

**Report and Financial statements**

**31 December 2016**

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## **Academy Services (Sheffield) Holdings Limited**

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## **Academy Services (Sheffield) Holdings Limited**

### **Officers and professional advisers**

#### **Directors**

R W Driver  
I A Wallace  
A C Roper  
M G D Holden

#### **Company Secretary**

J A Cheadle

#### **Registered office**

55 Baker Street  
London  
United Kingdom  
W1U 8EW

#### **Bankers**

National Westminster Bank Limited

#### **Auditor**

Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London  
United Kingdom

## **Academy Services (Sheffield) Holdings Limited**

### **Directors' report**

The directors of Academy Services (Sheffield) Holdings Limited ("the company") present their annual report and the audited financial statements for the year ended 31 December 2016. This Directors' report has been prepared in accordance with the special provisions relating to small companies under Part 15 of the Companies Act 2006. No strategic report has been prepared, in accordance with the provisions applicable to companies entitled to the small companies exemption.

#### **Business review and principal activities**

The company is a wholly-owned subsidiary of Redwood Partnership Ventures 2 Limited ("RPV2").

The company acts as the holding company of a single subsidiary, Academy Services (Sheffield) Limited ("ASSL"), together referred to as "the group". ASSL's principal activity is the design, construction, refurbishment, financing and maintenance of four schools in the Sheffield area under the UK Government's Private Finance Initiative. The company is now fully operational.

#### **Results and dividends**

As shown in the company's income statement account on page 8, the company's only income and expenditure consist of interest received on its subordinated loan notes from ASSL and the same amount of interest paid on its loan notes due to Kajima Partnerships Limited ("KPL") and Infrastructure General Partner Limited (for and on behalf of Infrastructure Investments Limited Partnership ("ILP")).

A dividend of £200,000 have been paid in the year and a further £300,000 approved in November 2016 and paid in January 2017. Total dividends of £500,000 (2015: £100,000) have been recognised in the year. The directors recommend that no final dividend be paid (2015: £nil).

#### **Financial risk management**

In view of the fact that the company has no trade and owes, and is owed, equal amounts of loans on identical terms, the directors do not consider that it is exposed to any financial risks. However, ASSL is exposed to credit risk, interest rate risk, cash flow risk, inflation risk and liquidity risk.

##### *Credit risk*

ASSL's credit risk is attributable to its unitary charge income from its sole customer, Sheffield City Council. As this is a quasi-governmental organisation, the credit risk and associated cash flow risk are not considered significant.

##### *Interest rate risk*

ASSL's bank loan bears interest at a rate that fluctuates with the money market. ASSL mitigates the risk of an increased interest rate by the use of swap agreements to convert the floating interest rate to a fixed rate.

##### *Cash flow risk*

ASSL's activities expose it primarily to the financial risks of changes in interest rates. ASSL uses interest rate swap contracts to hedge these exposures. Interest bearing assets and liabilities are held at fixed rate to ensure certainty of cash flows.

## **Academy Services (Sheffield) Holdings Limited**

### **Directors' report (continued)**

#### **Financial risk management continued)**

##### *Inflation risk*

ASSL is exposed to inflation risk due to contractual obligations to its suppliers. ASSL mitigates this by an element of the unitary charge being linked to inflation.

##### *Liquidity risk*

ASSL maintains a rolling cash flow forecast based on the bank-approved financial model, which is regularly updated to reflect actual cash movements and any projected changes. This forecast is used to monitor the ASSL's ability to meet its future cash commitments and ensure compliance with the bank covenants.

#### **Going concern**

The group meets its day to day working capital requirements principally through a senior debt facility which is in place until January 2030, with interest payments economically hedged through an interest rate swap for the term of the loan. As a result of market uncertainty due to the economic environment, the following are potential risks to the company:

- the ability of key sub-contractors to continue to meet their contractual commitments; and
- the ability of the swap provider to continue to meet their contractual commitments.

The directors do not consider the ability of government authorities to pay unitary fees to be a material risk.

The company's forecasts and projections, taking into account of the above risks show that the company expects to be able to continue to operate within the level of its current facilities and continue to meet loan covenants. The principal loan covenants are historic and forecast financial ratios.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

#### **Share capital**

Issued share capital at the year end was £100 (2015: £100).

#### **Directors**

The current directors of the company are shown on page 1. G D Simpson resigned 4 February. J A Young resigned 20 January 2016. I A Wallace, A C Roper and M G C Holden were appointed on 4 February 2016.

Qualifying third party indemnity provisions are currently in force for the benefit of certain directors.

## Academy Services (Sheffield) Holdings Limited

### Directors' report (continued)

#### Disclosure of information to auditor

Each of the directors at the date of approval of this report confirms that:

- so far as the directors are aware, there is no relevant audit information of which the auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This information is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

#### Auditor

Deloitte LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with Section 487(2) of the Companies Act 2006 and, unless the company receives notice under Section 488(1) of the Act, offer themselves for reappointment as auditor in accordance with the Companies Act.

By Order of the Board



J A Cheadle  
Company Secretary

30th May 2017

## **Academy Services (Sheffield) Holdings Limited**

### **Directors' responsibilities statement**

The directors are responsible for preparing the Annual 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including the Financial Reporting Standard 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make 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 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 to 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.

## **Academy Services (Sheffield) Holdings Limited**

### **Independent auditor's report to the members of Academy Services (Sheffield) Holdings Limited**

We have audited the financial statements of Academy Services (Sheffield) Holdings Limited for the year ended 31 December 2016 which comprise the income statement, the statement of financial position, the statement of changes in equity and the related notes 1 to 17. 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 Financial Reporting Standard 101 "Reduced Disclosure Framework".

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

#### **Respective responsibilities of directors and auditor**

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

#### **Scope of the audit of the financial statements**

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 annual report to identify any 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 December 2016 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.



**Academy Services (Sheffield) Holdings Limited**

**Independent auditor's report to the members of Academy Services (Sheffield) Holdings Limited (continued)**

**Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the 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.

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.

**Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept, 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 or from the requirement to prepare a strategic report.



Makhan Chahal ACA (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London, United Kingdom

30th May 2017

## Academy Services (Sheffield) Holdings Limited

### Income statement

#### Year ended 31 December 2016

	Note	2016 £	2015 £
Income from shares in group undertakings		500,000	100,000
Finance income	5	469,282	468,000
Finance costs	6	<u>(469,282)</u>	<u>(468,000)</u>
<b>Profit on ordinary activities before taxation</b>		500,000	100,000
Tax charges on ordinary activities	7	-	-
<b>Profit on ordinary activities after taxation for the financial year</b>	14	<u><u>500,000</u></u>	<u><u>100,000</u></u>

All results are derived from continuing operations.

The company had no other recognised gains or losses for the current year or preceding year. Accordingly, no statement of total comprehensive income is required.

The notes on pages 12 to 24 form part of these financial statements.

**Academy Services (Sheffield) Holdings Limited**

**Statement of financial position**

**As at 31 December 2016**

		2016	2015
	Note	£	£
<b>Non-current assets</b>			
Investments	8	100	100
Loans to subsidiaries	9	<u>3,600,000</u>	<u>3,600,000</u>
		3,600,100	3,600,100
<b>Current assets</b>			
Trade and other receivables	10	<u>793,387</u>	<u>352,603</u>
<b>Total assets</b>		4,393,487	3,952,703
<b>Current liabilities</b>			
Trade and other payables	11	<u>(793,387)</u>	<u>(352,603)</u>
<b>Net current assets</b>		<u>-</u>	<u>-</u>
<b>Total assets less current liabilities</b>		<u>3,600,100</u>	<u>3,600,100</u>
<b>Non-current liabilities</b>			
Borrowings	12	<u>(3,600,000)</u>	<u>(3,600,000)</u>
<b>Net assets</b>		<u><u>100</u></u>	<u><u>100</u></u>
<b>Equity</b>			
Called up share capital	13	100	100
Retained earnings	14	-	-
<b>Equity attributable to the owners of the company</b>		<u><u>100</u></u>	<u><u>100</u></u>

The notes on pages 12 to 24 form part of these financial statements.

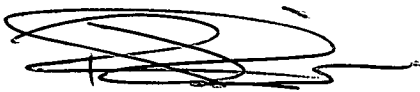
**Academy Services (Sheffield) Holdings Limited**

**Statement of financial position (continued)**

**As at 31 December 2016**

These accounts have been prepared in accordance with the special provisions applicable to companies subject to the small companies regime. The financial statements of Academy Services (Sheffield) Holdings Limited, registered number 05321895, were approved by the Board of Directors on *30th May* 2017 and signed on its behalf by

*30th May*



R W Driver  
Director

The notes on pages 12 to 24 form part of these financial statements.

**Academy Services (Sheffield) Holdings Limited**

**Statement of changes in equity**

**As at 31 December 2016**

	<b>Called up share capital</b>	<b>Retained earnings</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Balance at 1 January 2015</b>	<u>100</u>	<u>-</u>	<u>100</u>
Profit for the year	-	100,000	100,000
Other comprehensive income for the year	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year</b>	-	100,000	100,000
Dividends	<u>-</u>	<u>(100,000)</u>	<u>(100,000)</u>
<b>Balance at 31 December 2015</b>	<u>100</u>	<u>-</u>	<u>100</u>
Profit for the year	-	500,000	500,000
Other comprehensive income for the year	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year</b>	-	500,000	500,000
Dividends	<u>-</u>	<u>(500,000)</u>	<u>(500,000)</u>
<b>Balance at 31 December 2016</b>	<u><u>100</u></u>	<u><u>-</u></u>	<u><u>100</u></u>

The notes on pages 12 to 24 form part of these financial statements.

## **Academy Services (Sheffield) Holdings Limited**

### **Notes to the financial statements**

#### **Year ended 31 December 2016**

##### **1. ACCOUNTING POLICIES**

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

###### **Basis of accounting**

Academy Services (Sheffield) Holdings Limited is a company incorporated in the United Kingdom under the Companies Act 2006, registered in England and is a private company limited by shares. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the business review on page 2. The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, in the year ended 31 December 2016 the company continued to adopt accounting framework FRS 101 as issued by the Financial Reporting Council. Therefore these financial statements were prepared in accordance with FRS 101 (Financial Reporting Standard 101 "Reduced Disclosure Framework"). Therefore the recognition and measurement requirements of EU adopted IFRS have been applied, with amendments where necessary in order to comply with the Companies Act 2006.

The company has applied Financial Reporting Standard 101 "Reduced Disclosure Framework" FRS 101 issued by the Financial Reporting Council (FRC) incorporating Amendments to FRS 101 issued by the FRC in July 2015 and the amendments to Company Law made by the Companies, Partnership and Groups (Accounts and Reports) Regulations 2015.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain assets and financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

These financial statements are prepared in pounds sterling because that is the currency of the primary economic activity in which the company operates.

These financial statements are separate financial statements. The company is exempt from the preparation of consolidated financial statements, because it is included in the group accounts of Redwood Partnership Ventures 2 Limited.

## Academy Services (Sheffield) Holdings Limited

### Notes to the financial statements (continued)

#### Year ended 31 December 2016

##### 1. ACCOUNTING POLICIES (continued)

###### **Basis of accounting (continued)**

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, non-current assets held for sale, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions. Where required, equivalent disclosures are given in the group accounts of Redwood Partnership Ventures 2 Limited. The group accounts of Redwood Partnership Ventures 2 Limited are available to the public and can be obtained as set out in note 16.

###### **Group accounts**

The company has taken advantage of the exemption conferred by Section 400 of the Companies Act 2006 not to prepare consolidated financial statements as the results of the company are included within the consolidated financial statements of its parent company, Redwood Partnership Ventures 2 Limited incorporated in Great Britain. Consequently, these financial statements present information about the company as an individual undertaking and not about its group.

###### **Going concern**

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' report on pages 2 to 4. The Directors' report also describes the financial position of the company; its cash flows, liquidity position and borrowing facilities and exposure to credit, liquidity and cash flow risk.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

###### **Amendments to IFRSs that are mandatorily effective for the current year**

In the current year, the company has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2016. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

###### ***Annual Improvements to IFRSs 2012-2014 Cycle***

The company has adopted the amendments to IFRSs included in the Annual Improvements to IFRSs 2012-2014 Cycle for the first time in the current year.

## Academy Services (Sheffield) Holdings Limited

### Notes to the financial statements (continued)

#### Year ended 31 December 2016

##### 1. ACCOUNTING POLICIES (continued)

###### *Annual Improvements to IFRSs 2012-2014 Cycle (continued)*

The amendments to IFRS 5 introduce specific guidance in IFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa). The amendments clarify that such a change should be considered as a continuation of the original plan of disposal and hence requirements set out in IFRS 5 regarding the change of sale plan do not apply. The amendments also clarifies the guidance for when held-for-distribution accounting is discontinued.

The amendments to IFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets.

The amendments to IAS 19 clarify that the rate used to discount post-employment benefit obligations should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The assessment of the depth of a market for high quality corporate bonds should be at the currency level (i.e. the same currency as the benefits are to be paid). For currencies for which there is no deep market in such high quality corporate bonds, the market yields at the end of the reporting period on government bonds denominated in that currency should be used instead.

###### *New and revised IFRSs in issue but not yet effective*

At the date of authorisation of these financial statements, The company has not applied the following new and revised IFRSs that have been issued but are not yet effective and had not yet been adopted by the EU:

IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the company in future periods, except as noted; IFRS 9 will impact both the measurement and disclosures of financial instruments; and IFRS 15 may have an impact on revenue recognition and related disclosures.

The application of IFRS 9 may change the measurement and presentation of many financial instruments, depending on their contractual cash flows and the business model under which they are held. The impairment requirements of IFRS 9, which are based on an expected credit loss (ECL) model that replaces the IAS 39 incurred loss model, will generally result in earlier recognition of credit losses.

IFRS 15 is more prescriptive than the current IFRS requirements for revenue recognition and provides more application guidance. The disclosure requirements are also more extensive.

Beyond this, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.



**Notes to the financial statements (continued)**

**Year ended 31 December 2016**

**1. ACCOUNTING POLICIES (continued)**

**Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

**Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit may differ from net profit as reported in the income statement because it may exclude items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

**Deferred tax**

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit, and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the statement of financial position date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

## Academy Services (Sheffield) Holdings Limited

### Notes to the financial statements (continued)

#### Year ended 31 December 2016

##### 1. ACCOUNTING POLICIES (continued)

###### *Current tax and deferred tax for the year*

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

###### **Operating profit**

Operating profit is stated after charging restructuring costs and after the share of results of associates but before investment income and finance costs.

###### **Investments**

Investments in subsidiary companies are stated at cost less provision for impairment.

###### **Financial assets**

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

###### **Effective interest method**

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at fair value through profit and loss ("FVTPL").

## Academy Services (Sheffield) Holdings Limited

### Notes to the financial statements (continued)

#### Year ended 31 December 2016

##### 1. ACCOUNTING POLICIES (continued)

###### *Impairment of financial assets*

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each statement of financial position date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For all other financial assets, including redeemable notes classified as available for sale ("AFS") and finance lease receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an available for sale financial asset is considered as impaired, cumulative gains and losses previously recognised as other comprehensive income reclassified to the profit and loss in the period.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

## Academy Services (Sheffield) Holdings Limited

### Notes to the financial statements (continued)

#### Year ended 31 December 2016

##### 1. ACCOUNTING POLICIES (continued)

###### **Held to maturity investments**

Bills of exchange and debentures with fixed or determinable payments and fixed maturity dates that the company has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis.

###### **Loans and receivables**

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

###### **Financial liabilities**

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

###### *Financial liabilities and equity*

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

###### *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the company are recognised at the proceeds received, net of direct issue costs.

###### *Financial liabilities at FVTPL*

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the income statement.

###### *Other financial liabilities*

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

###### *Derecognition of financial liabilities*

The company derecognises financial liabilities when, and only when, the company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability recognised and the consideration paid and payable is recognised as profit or loss.

## Academy Services (Sheffield) Holdings Limited

### Notes to the financial statements (continued)

#### Year ended 31 December 2016

##### 1. ACCOUNTING POLICIES (continued)

###### Interest receivable

Interest is accounted for on an accruals basis.

###### Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive the payments has been established, provided it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

##### 2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, which are described in note 1 above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing 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 the revision and future periods if the revision affects both current and future periods.

###### *Critical judgements in applying the company's accounting policies*

The following is the critical judgement, that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in financial statements. There are no estimations.

###### Taxation

As set out in note 7 deferred tax is accounted for on temporary differences using the statement of financial position liability method, with deferred tax liabilities generally being provided for in full.

##### 3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The company has no employees other than its directors (2015: none), who received no remuneration for their services as directors of the company during the year (2015: £nil).

##### 4. AUDITOR'S REMUNERATION

The company's audit fees of £1,000 (2015: £1,000) have been borne by the company's subsidiary.

**Academy Services (Sheffield) Holdings Limited**

**Notes to the financial statements (continued)**

**Year ended 31 December 2016**

**5. FINANCE INCOME**

	2016	2015
	£	£
Subordinated loan interest receivable	<u>469,282</u>	<u>468,000</u>

**6. FINANCE COSTS**

	2016	2015
	£	£
Subordinated loan interest payable	<u>469,282</u>	<u>468,000</u>

**7. TAXATION**

**(a) Tax on profit on ordinary activities**

In view of the fact that the company's only net income consists of a non-taxable dividend from its subsidiary company, no tax charge or credit arises in the year (2015: £nil).

**(b) Factors affecting tax credit for the year**

The current tax assessed for the year differs from that resulting from applying the standard rate of corporation tax in the UK. The differences are explained below:

	2016	2015
	£	£
Profit on ordinary activities before tax	<u>500,000</u>	<u>100,000</u>
Profit on ordinary activities multiplied by effective rate of UK corporation tax of 20% (2015: 20.25%*)	100,000	20,250
Effect of:		
Non-taxable dividends received	(100,000)	(20,250)
Current tax charge for the year	<u>-</u>	<u>-</u>

\* Blended rate for 2015

## Academy Services (Sheffield) Holdings Limited

### Notes to the financial statements (continued)

#### Year ended 31 December 2016

#### 7. TAXATION (continued)

The Finance (No 2) Act 2015, which provides for reductions in the main rate of corporation tax from 20% to 19% effective from 1 April 2017 and to 18% effective from 1 April 2020, was substantively enacted on 26 October 2015. Subsequently, the Finance Act 2016, which provides for a further reduction in the main rate of corporation tax to 17% effective from 1 April 2020, was substantively enacted on 6 September 2016. This will affect the future tax charge of Academy Services (Sheffield) Holdings Limited.

It is not expected that this rate reduction will have a material impact on Academy Services (Sheffield) Holdings Limited.

There is no deferred tax asset or liability at the balance sheet date (2015: £nil).

#### 8. FIXED ASSET INVESTMENT

	2016	2015
	£	£
£1 ordinary shares in subsidiary undertaking	<u>100</u>	<u>100</u>

The investment represents the company's 100% holding in Academy Services (Sheffield) Limited, a company registered in England and Wales at the registered office listed on page 1, whose activities relate to a private finance initiative project.

#### 9. NON-CURRENT ASSETS

	2016	2015
	£	£
Subordinated loan notes	<u>3,600,000</u>	<u>3,600,000</u>

#### 10. TRADE AND OTHER RECEIVABLES

	2016	2015
	£	£
Dividends approved	300,000	-
Subordinated loan interest accrued	493,387	352,603
	<u>793,387</u>	<u>352,603</u>

**Academy Services (Sheffield) Holdings Limited**

**Notes to the financial statements (continued)**

**Year ended 31 December 2016**

**11. TRADE AND OTHER PAYABLES**

	2016	2015
	£	£
Dividends proposed	300,000	-
Subordinated loan interest accrued	493,387	352,603
	<u>793,387</u>	<u>352,603</u>

**12. BORROWINGS**

	2016	2015
	£	£
Subordinated loan notes	<u>3,600,000</u>	<u>3,600,000</u>

The subordinated loan notes have an interest rate of 13.0% and are repayable after more than five years.

No borrowing costs were capitalised during the year (2015: £nil).

**13. CALLED UP SHARE CAPITAL**

	2016	2015
	£	£
<b>Allotted, called up and fully paid</b>		
100 'A' ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>



**Academy Services (Sheffield) Holdings Limited**

**Notes to the financial statements (continued)**

**Year ended 31 December 2016**

**14. RETAINED EARNINGS**

	<b>Retained earnings</b>
	<b>£</b>
<b>Company</b>	
At 1 January 2015	-
Profit for the year	100,000
Dividend paid	<u>(100,000)</u>
At 1 January 2016	-
Profit for the year	500,000
Dividend paid	<u>(500,000)</u>
At 31 December 2016	<u><u>-</u></u>

**15. DIVIDENDS ON EQUITY SHARES**

Dividends per share £5,000 (2015: £1,000)

**16. TRANSACTIONS WITH DIRECTORS AND OTHER RELATED PARTIES**

There are no transactions between the directors to be disclosed.

The company has taken advantage of the exemption conferred by FRS 101 paragraph 101.8(k) that allows it not to disclose transactions with group companies.

During the year, the company carried out a number of transactions with related parties in the normal course of business and on an arm's length basis. The names of the related parties and the total value of transactions are shown below:

	<b>2016</b>		<b>2015</b>	
	Value of transactions	Payable at year-end	Value of transactions	Payable at year-end
	£	£	£	£
Kajima Partnerships Limited ("KPL")	58,660	494,075	58,500	494,075
Sheff Schools Topco Limited	234,641	2,117,086	234,000	1,976,302
IIGP*	<u>175,981</u>	<u>1,482,226</u>	<u>175,500</u>	<u>1,482,226</u>

**Academy Services (Sheffield) Holdings Limited**

**Notes to the financial statements (continued)**

**Year ended 31 December 2016**

**16. TRANSACTIONS WITH DIRECTORS AND OTHER RELATED PARTIES (continued)**

\*Infrastructure Investments General Partner ("IIGP") for and on behalf of Infrastructure Investments Limited Partnership ("IILP")

KPL and IILP respectively hold a 25% and 75% interest in the company's ultimate parent, Redwood Partnership Ventures 2 Limited, which since 20 January 2016 holds a 100% interest in Sheff Schools Topco Limited. The above transactions were in respect of interest payable on the subordinated loan notes (Notes 9 & 10). KPL is a member of the Kajima group of companies.

**17. ULTIMATE AND IMMEDIATE PARENT COMPANY**

The company's immediate and ultimate parent company, and smallest and largest group into which the company is consolidated is Redwood Partnership Ventures 2 Limited, copies of whose financial statements are available from the registered office (see page 1).