

QED Luton (Challney) Limited

Directors' report and financial statements

for the year ended 31 December 2019

Registered number 06857410



Directors' report and financial statements for the year ended 31 December 2019

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Officers and professional advisers

Directors

K Savjani appointed 03/10/19
K L Flaherty
R Kirk appointed 03/05/2019

Company secretary

Pario Limited

Registered office

2 Hunting Gate
Wilbury Way
Hitchin
Hertfordshire
SG4 0TJ

Independent auditors

Goodman Jones LLP
29/30 Fitzroy Square London
W1T 6LQ

Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2019.

This report has been prepared in accordance with the special provisions relating to small companies within part 15 of the Companies Act 2006.

Review of business

The principal activity of the company is that of private finance concessionaire for Luton Schools project under the terms of a concession agreement dated 6 June 2009 between the company and Luton Borough Council. The construction of Challney Girls School was completed in December 2010, and the operational services commenced. In the year ending 31 December 2019 the principal activity has focused upon the operation of new school buildings at Challney Girls School.

The risks and uncertainties at this stage of the project centre on availability of the school and performance of the related services, and deductions are levied on any underperformance, and any such deductions are passed down to the relevant service provider under the terms of their sub-contracts. In the year to 31 December 2019 there were availability and performance deductions of £nil (2018: £0k), representing 0% of the unitary charge income, which is an acceptable level of performance. This forms the primary key performance indicator, along with monitoring of costs against budget.

The company has made a profit before taxation of £764k (2018: loss £7,182k) for the financial year on turnover of £1,177k (2018: £1,142k).

At 31 December 2019 the company had net liabilities of £5,164k (2018: £5,783k).
The Directors have approved and paid dividends of £nil in 2019 (2018:nil).

Auditors

PWC LLP resigned as auditor in the year and Goodman Jones were appointed in their place.

The auditors Goodman Jones LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006 .

Directors

The directors holding office during the year and up to the date of this report are set out below. Directors were in office for the entire year unless otherwise stated:

K Savjani - appointed 03/10/2019
K L Flaherty
R Kirk - appointed 03/05/2019

During the year an indemnity provision was in force for one or more of the directors of the company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

Contributions for charitable and political purposes

The company made no political or charitable donations during the year (2018 : £nil).

Dividends

The Directors have approved and paid dividends of £nil in 2019 (2018:nil).

Covid-19 pandemic

In the annual review of the Company's going concern, the Directors have considered the long term impact of the Covid-19 pandemic. The Company has entered into long-term contracts with both the client and suppliers, and after careful review of these contracts the Directors are confident that the Company can operate as normal for the next twelve months. The Directors have committed to carrying out regular review of the Company's cash flows to monitor the ongoing situation.

Directors' Responsibilities Statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" Section 1A, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 Section 1A, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors 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.

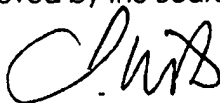
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies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

Directors' confirmations

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

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

Approved by the Board of Directors and signed on behalf of the Board



Director

ROGER KIRK

01 / 07 /2020

Independent auditors' report to the members of QED Luton (Challney) Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of QED Luton (Challney) Limited (the 'Company') for the year ended 31 December 2019, which comprise the Statement of Comprehensive Income, the balance sheet, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information

and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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.

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 material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement 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, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of our report

This report is made solely to the Company's members 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 Auditors' 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 for our audit work, for this report, or for the opinions we have formed.

Goodman Jones LLP

Paul Bailey (Senior Statutory
Auditor) for and on behalf of

Goodman Jones LLP

29/30 Fitzroy Square

London W1T 6LQ

02 / 07 /2020

Statement of Comprehensive Income

For the year ended 31 December 2019

	Note	2019 £'000	2018 £'000
Turnover	2	1,177	1,142
Cost of sales		(750)	(743)
Gross profit		427	399
Administrative expenses		(217)	(192)
Operating profit	3	210	207
Net interest payable and similar expenses	5	554	(7,389)
Profit/(Loss) before taxation		764	(7,182)
Tax on profit/(loss)	6	(145)	1,365
Profit/(loss) for the financial year		619	(5,817)
Other Comprehensive Income			
Fair Value gains/(losses) on interest rate swaps		-	8,631
Tax recognised in relation to change in fair value cash flow hedges		-	(1,726)
Other comprehensive income/(expense) for the year		-	6,905
Total Comprehensive Income for the year		619	1,088

All activities relate to continuing operations.

All turnover relates solely to continuing activities in a single class of business within the United Kingdom.

The notes on pages 10 to 22 form part of these financial statements.

Balance sheet

as at 31 December 2019

	Note	2019 £'000	2018 £'000
Current assets			
Debtors: amounts falling due after more than one year	7	26,062	26,910
Debtors: amounts falling due within one year	7	1,675	722
Cash at bank and in hand		<u>1,975</u>	<u>2,444</u>
Current assets		3,650	3,166
Creditors: amounts falling due within one year	8	<u>(3,554)</u>	<u>(3,265)</u>
Net current assets/(liabilities)		96	(99)
Creditors: amounts falling due after more than one year	8	<u>(31,322)</u>	<u>(32,594)</u>
Net liabilities		<u>(5,164)</u>	<u>(5,783)</u>
Capital and reserves			
Called up share capital	11	-	-
Cash flow hedge reserve		-	-
Profit and loss account		<u>(5,164)</u>	<u>(5,783)</u>
Total shareholders' deficit		<u>(5,164)</u>	<u>(5,783)</u>

These financial statements have been prepared in accordance with the provisions of part 15 of the Companies Act 2006 relating to small companies.

The notes on pages 10 to 22 form part of these financial statements.

These financial statements were approved by the Board of Directors on 01 / 07 /2020 and signed on its behalf by:



Director - Roger Kirk

Statement of Changes in Equity

For the year ended at 31 December 2019

	Called up Share capital £'000	Cash flow hedge reserve £'000	Profit and loss account £'000	Total shareholders' deficit £'000
Balance as at 1 January 2018	-	(6,905)	34	(6,871)
Total comprehensive income for the year				
Loss for the financial year	-	-	(5,817)	(5,817)
Other comprehensive income	-	6,905	-	6,905
Total comprehensive income for the year	-	6,905	(5,817)	1,088
Dividends	-	-	-	-
Total distributions to owners	-	-	-	-
Balance as at 31 December 2018	-	-	(5,783)	(5,783)
Balance as at 1 January 2019	-	-	(5,783)	(5,783)
Total comprehensive income for the year				
Profit for the financial year	-	-	619	619
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	619	619
Dividends	-	-	-	-
Total distributions to owners	-	-	-	-
Balance as at 31 December 2019	-	-	(5,164)	(5,164)

Notes to the financial statements

for the year ended 31 December 2019

1. Accounting policies

QED Luton (Challney) Limited (the "Company") is a company limited by shares and incorporated domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS102") Section 1A and the requirements of the Companies Act 2006. The presentation currency of these financial statements is sterling. The results are presented in round £'000.

The Company's ultimate parent undertaking, QED Luton (Challney) Holdings Limited includes the Company in its consolidated financial statements. The consolidated financial statements of QED Luton (Challney) Holdings Limited are prepared in accordance with FRS102 and are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ. In these financial statements, the Company is considered to be a qualifying entity (for the purpose of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.
- Basic Financial Instruments section 11 and Other Financial Instrument Issues section 12 Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income.

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

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in this note.

Measurement convention

These financial statements are prepared on the historic cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments.

Going concern

The directors have reviewed the company's projected profits and cash flows by reference to a financial model covering accounting periods up to March 2036. They have also examined the current status of the company's principal contracts and likely developments in the foreseeable future. Having reviewed the financial facilities available to the company, the directors consider that the company will be able to settle its liabilities as they fall due and accordingly the financial statements have been prepared on a going concern basis.

Notes to the financial statements for the year ended 31 December 2019

Covid-19 pandemic

In the annual review of the Company's going concern, the Directors have considered the long term impact of the Covid-19 pandemic. The Company has entered into long-term contracts with both the client and suppliers, and after careful review of these contracts the Directors are confident that the Company can operate as normal for the next twelve months. The Directors have committed to carrying out regular review of the Company's cash flows to monitor the ongoing situation.

Notes to the financial statements

For the year ended 31 December 2019 (continued)

1. Accounting policies (continued)

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

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

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Other financial instruments

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

Notes to the financial statements

for the year ended 31 December 2019 (continued)

1. Accounting policies (continued)

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

Impairment excluding deferred tax 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 effect 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.

Finance debtor

The Company is an operator of a PFI contract. The underlying asset is not deemed to be an asset of the Company under FRS102 section 34C, because the risks and rewards of ownership as set out in that Standard are deemed to lie principally with the Authority.

During the construction phase of the project, all attributable expenditure and interest is included in amounts recoverable on contracts and turnover.

Upon becoming operational, the costs are transferred to the finance debtor and income derived from the PFI contracts is allocated between the provision of the asset and the provision of subsequent operating services. Upon acceptance of the constructed asset, the finance debtor is amortised over the life of the contract against the relevant portion of the assured contract income.

Major maintenance costs are recognised on a contractual basis and the revenue in respect of these services is recognised when these services are performed.

Notes to the financial statements

For the year ended 31 December 2019 (continued)

1. Accounting policies (continued)

Taxation

The charge for taxation is based on the profit for the financial year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date.

Debt issue costs

Costs arising in connection with the arrangement of loan finance are offset against the carrying value of the loan and are amortised through the profit and loss account over the term of the loan.

Turnover

Turnover is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Turnover is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised:

Turnover from operating services

Turnover from the provision of the operating services is recognised as contract activity progresses at a mark-up on related costs to reflect the value of work performed. This mark-up is calculated as total operating income receivable over the concession, less all service costs and other operating costs payable over the concession. Any consideration received which is not recognised as turnover, is deferred to deferred income on the balance sheet, and recognised as turnover as contract activity progresses.

Accounting estimates and judgements

The preparation of financial statements in conformity with FRS102 requires management to make judgements, estimates and assumptions that affect the application of application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based upon historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an 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 revision and future periods if the revision affects both current and future periods.

Certain critical accounting judgements in applying the Company accounting policies are described below:

Notes to the financial statements

For the year ended 31 December 2019 (continued)

- Accounting for the service concession contract and finance debtors requires of estimation of service margins, finance debtors interest rates and associated amortisation profile which is based on forecasted results of the PFI contract.

2. Turnover

	2019 £'000	2018 £'000
Operating revenue as PFI concessionaire in UK	1,177	1,142
	<u>1,177</u>	<u>1,142</u>

3. Operating profit

	2019 £'000	2018 £'000
Operating profit is stated after charging:		
Auditors' remuneration for:		
Audit of these financial statements	6	6
	<u>6</u>	<u>6</u>

4. Staff numbers and costs

The company had no (2018: nil) employees (excluding directors) during the year. Amounts paid to third parties in respect of directors' services totalled £27k (2018: £26k).

5. Net interest payable and similar expenses

	2019 £'000	2018 £'000
Interest payable and similar expenses		
Bank borrowings	(1,016)	(860)
SWAP break cost	-	(7,977)
Parent company loan	(320)	(322)
Amortisation of issue costs	(148)	(297)
	<u>(1,484)</u>	<u>(9,456)</u>
Interest receivable and similar income		
Parent company loan	62	43
Bank interest receivable	14	8
Interest receivable on finance debtor	1,962	2,016
	<u>2,038</u>	<u>2,067</u>
Net interest payable and similar expenses	<u>554</u>	<u>(7,389)</u>

Notes to the financial statements

For the year ended 31 December 2019 (continued)

6. Tax on (loss)/profit

For the year ended 31 December 2019 there is no tax charge and the deferred tax is £145k (2018: current tax charge £nil, deferred tax credit £1,365k).

The tax assessed for the year is equal to the standard rate of corporation tax in the UK of 19% (2017: 19.25%), as shown below.

	2019 £'000	2018 £'000
Tax charge included in profit or loss		
(Loss)/Profit before taxation	764	(7,182)
	<u> </u>	<u> </u>
Profit multiplied by standard rate of corporation tax in the UK of 19.0% (2018: 19%)	(145)	1,365
	<u> </u>	<u> </u>
Total tax credit / (charge)	<u>(145)</u>	<u>1,365</u>
	<u> </u>	<u> </u>
Tax charge included in other comprehensive income		
	2019 £'000	2018 £'000
Deferred taxation		
Timing differences, origination and reversal	-	(1,726)
	<u> </u>	<u> </u>
Total tax charge included in other comprehensive income	<u>-</u>	<u>(1,726)</u>

Notes to the financial statements

For the year ended 31 December 2019 (continued)

7. Debtors

	2019 £'000	2018 £'000
Amounts falling due within one year:		
Finance debtor	764	706
Prepayments and accrued income	11	16
Other financial assets	900	-
	<u>1,675</u>	<u>722</u>

Other financial assets include amounts held within deposit accounts with a maturity greater than 3 months from initial deposit.

Amounts falling due after more than one year:		
Parent company loan	1,766	1,705
Finance debtor	23,077	23,840
Deferred Tax Asset (note 10)	1,219	1,365
	<u>26,062</u>	<u>26,910</u>

Notes to the financial statements

for the year ended 31 December 2019 (continued)

8. Creditors

	2019 £'000	2018 £'000
Amounts falling due within one year:		
Trade creditors	23	29
Senior debt	1,417	1,262
Subordinated loan – due to parent undertaking	-	9
Corporation tax	-	-
VAT payable	147	150
Un-amortised issue costs	(146)	(148)
Accruals and deferred income	2,113	1,963
	<u>3,554</u>	<u>3,265</u>
Amounts falling due after more than one year:		
Senior debt	30,010	31,427
Subordinated loan – due to parent undertaking	2,610	2,611
Other financial instruments (note 12)	-	-
	<u>32,620</u>	<u>34,038</u>
Un-amortised issue costs	(1,297)	(1,444)
	<u>31,323</u>	<u>32,594</u>

The intercompany loan is at an interest rate of 12.25% and is repayable by 31st December 2035.

9. Loans

Bank and subordinated loan

The sub debt loan interest rate was 4.25% per annum until completion of the construction of the first school, completed on 31 December 2010, when the interest rate increased to 12.25% per annum, and the sub-debt loan is unsecured and is repayable by instalments between 30 September 2011 and 31 December 2035.

On 15 March 2018 the company refinanced its original bank borrowings, with new term loan facilities. The bank borrowings at 31 December 2019 relate to the bank borrowings granted by the lenders on 15 March 2018. The loan facility is for a total value of £33,419k for a senior term loan. Loan issue costs in respect of this facility have been deducted from the gross proceeds of the bank borrowings and an effective interest rate is used to calculate the finance costs in accordance with the provisions of Section 11.

There was £246k (2018: £255k) of accrued interest and an effective interest rate adjustment of £148k (2018: £108k) on these loans outstanding at the year end.

Notes to the financial statements

for the year ended 31 December 2019 (continued)

9. Loans (continued)

Maturity of senior debt:

	2019 £'000	2018 £'000
Within one year	1,417	1,262
Between one and two years	1,608	1,417
Between two and five years	4,974	4,842
After five years	23,427	25,168
Un-amortised issue costs	(1,443)	(1,592)
	<u>29,983</u>	<u>31,097</u>

10. Deferred tax asset

Deferred tax asset is attributable to the following:

	2019 £'000	2018 £'000
Deferred tax on taxable loss	1,219	1,365
	<u>1,219</u>	<u>1,365</u>

The credit in relation of the deferred tax asset on taxable loss is shown through the profit and loss account and is expected to reverse after more than one year.

11. Called up share capital

	2019 £'000	2018 £'000
Authorised:		
100 (2018: 100) ordinary shares of £1.00 each	-	-
Allotted and fully paid:		
100 (2018: 100) ordinary shares of £1.00 each	-	-

No ordinary shares were issued at par during the year.

Notes to the financial statements

for the year ended 31 December 2019 (continued)

12. Financial Instruments

(a) Carrying amount of financial instruments

	2019 £'000	2018 £'000
Assets measured at amortised cost		
-Finance Debtor	23,841	24,546
-Parent company loan	1,766	1,705
	<u>25,607</u>	<u>26,252</u>
Assets measured at cost less impairment		
-Cash and cash equivalents	2,875	2,444
	<u>2,875</u>	<u>28,696</u>
Liabilities measured at Amortised Cost		
-Trade and other payables	(2,283)	(2,142)
-Senior Loan	(31,427)	(32,689)
-Subordinated debt	(2,610)	(2,620)
	<u>(36,320)</u>	<u>(37,452)</u>
	<u> </u>	<u> </u>

Notes to the financial statements

for the year ended 31 December 2019 (continued)

13. Related party transactions – 12 Months to 31 Dec 2019

Name of party	Purchases from related party £'000	Sales to related party £'000	Amount due to related party at 31 December 2019 £'000
Luton Learning & Community Partnership Limited	129	-	270
Luton Borough Council	156	4,031	1,214
BSFI Limited	156	-	1,214
	Interest receivable from related party £'000		
Luton Challney (Refico) Ltd	62	-	1,766

Related party transactions – 12 Months to 31 Dec 2018

Name of party	Purchases from related party £'000	Sales to related party £'000	Amount due to related party at 31 December 2018 £'000
Luton Learning & Community Partnership Limited	126	-	271
Luton Borough Council	156	3,993	1,218
BSFI Limited	156	-	1,218
	Interest receivable from related party £'000		
Luton Challney (Refico) Ltd	43	-	1,705

Luton Learning & Community Partnership Limited has a 10% shareholding in the joint venture, QED Luton (Challney) Holdings Limited, the ultimate parent company of QED Luton (Challney) Limited. The purchases from Luton Learning & Community Partnership Limited comprised Management services; accounting services and director fee services.

Luton Challney (Refico) Ltd is the immediate parent company of QED Luton (Challney) Limited and owns 100% of the share capital.

14. Ultimate parent company and controlling party

QED Luton (Challney) Holdings Limited is the parent company of Luton Challney (Refico) Ltd which owns 100% of the share capital of the company. This is the smallest and ultimate group in which the company results are consolidated. The financial statements are available from the registered office, 2 Hunting Gate, Wilbury Way, Hitchin, Hertfordshire, SG4 0TJ.

QED Luton (Challney) Holdings Limited is a joint venture, which is owned 10% by Luton Learning & Community Partnership Limited and 45% by both Luton Borough Council and Building Schools for Future Investments LLP. QED Luton (Challney) Holdings Limited is under the joint control of its 3 shareholders, and therefore there is no ultimate controlling party.