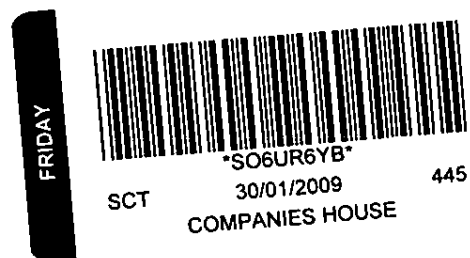


**Company Registration No. 03773791**

**NewSchools (Penweddig) Limited**

**Directors' report and financial statements**

**Year Ended 31 March 2008**



## **Contents**

Officers and professional advisers	1
Directors' report	2
Independent auditors' report	4
Profit and loss account	5
Statement of movement in reserves	6
Reconciliation of movement in equity shareholders' funds	6
Balance sheet	7
Notes to the financial statements	8

## **Officers and professional advisers**

### **Directors**

J C Elliot  
J K Love (resigned 16<sup>th</sup> November 2007)  
C Easton (appointed 16<sup>th</sup> November 2007)

### **Company secretary**

Maclay Murray & Spens LLP

### **Registered office**

Maclay Murray & Spens LLP  
One London Wall  
London  
EC2Y 5AB

### **Auditors**

PricewaterhouseCoopers LLP  
Erskine House  
68-73 Queen Street  
Edinburgh  
EH2 4NH

### **Principal bankers**

National Westminster Bank Plc  
135 Bishopsgate  
London  
EC2M 3UR

### **Solicitors**

Maclay Murray & Spens LLP  
One London Wall  
London  
EC2Y 5AB

## **Directors' report**

The directors have pleasure in submitting their annual report together with the audited financial statements for the year ended 31 March 2008.

### **Principal trading activities, business review and future prospects**

The principal activity of the Company is to design, build, finance and operate a new secondary school in Aberystwyth in accordance with a 30 year contract with Cyngor Sir Ceredigion.

Contract negotiations were successfully completed in September 1999 and construction commenced immediately. The school was completed in December 2000 and became operational with effect from 22 December 2000.

The directors do not foresee any changes to the activities of the Company in the future.

### **Results and dividends**

The profit for the year after tax was £173,000 (2007: Profit £185,000). During the year, the Company paid an interim dividend of £70,000 (2007:£nil), details of which are set out in note 14 to the accounts. The directors do not recommend the payment of a final dividend (2007: £nil).

### **Directors**

The directors of the Company at 31 March 2008 and subsequent to the year-end are listed on page 1.

### **Contributions for charitable and political purposes**

The Company made no political or charitable donations during the current or prior year.

### **Disclosure of information to auditors**

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 auditors are unaware, and each director has taken all the necessary steps that he / she ought to have taken as a director to make himself / herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### **Auditors**

Pricewaterhopuse Coopers LLP were appointed auditors for the financial year ended 31<sup>st</sup> March 2008. Pursuant to a shareholders' resolution the Company is not obliged to reappoint its auditors annually and PricewaterhouseCoopers LLP will therefore continue in office.

### **Directors' Responsibilities**

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).

The financial statements are required by law to give a fair view of the state of affairs of the company and of the profit or loss of the company for the year ended 31 March 2008.

In preparing these financial statements, the directors are required to:

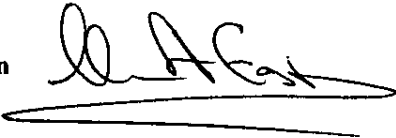
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
-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

## Directors' report *(continued)*

### Directors' Responsibilities *(continued)*

The directors are responsible for keeping proper accounting records that 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 1985. They 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.

C Easton  
Director

A handwritten signature in black ink, appearing to read 'C Easton', written over a horizontal line.

29/01/2009

## **Independent auditors' report to the members of NewSchools (Penweddig) Limited**

We have audited the financial statements of NewSchools (Penweddig) Limited for the year ended 31 March 2008 which comprise the Profit and Loss Account, the Balance Sheet, Statement of Movement in Reserves, Reconciliation of Movement in Shareholders' Funds and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

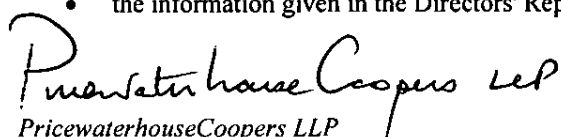
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 March 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

  
PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Edinburgh

30 January 2009

**Profit and loss account**  
**Year ended 31 March 2008**

	Note	2007 £'000	2007 £'000
Turnover	2	854	819
Cost of sales		(492)	(412)
<b>Gross profit</b>		<b>362</b>	<b>407</b>
Administrative expenses		(146)	(179)
<b>Operating profit</b>	3	<b>216</b>	<b>228</b>
Interest payable	6	(777)	(789)
Interest receivable	7	808	816
<b>Profit on ordinary activities before taxation</b>		<b>247</b>	<b>255</b>
Tax on profit on ordinary activities	8	(74)	(70)
<b>Profit for the financial year</b>		<b>173</b>	<b>185</b>

All gains and losses are recognised in the profit and loss account for both the current and prior year, accordingly no statement of total recognised gains and losses is required.

All items in the profit and loss account relate to continuing operations.

**Statement of movement in reserves**  
 for the year ended 31 March 2008

	2008 £'000	2007 £'000
Profit and loss account brought forward at 1 April	839	654
Profit for the year	173	185
Interim dividend paid	(70)	-
Profit and loss account carried forward at 31 March	<u>942</u>	<u>839</u>

**Reconciliation of movement in shareholders' funds**  
 for the year ended 31 March 2008

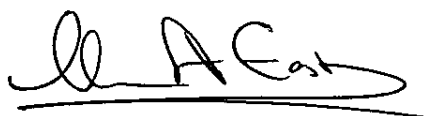
	2008 £'000	2007 £'000
Profit for the year	173	185
Interim dividend paid	(70)	-
<b>Net movement in shareholders' funds</b>	<u>103</u>	<u>185</u>
Opening equity shareholders' funds as at 1 April	840	655
<b>Closing shareholders' funds as at 31 March</b>	<u>943</u>	<u>840</u>



**Balance sheet**  
**As at 31 March 2008**

	Note	2008 £'000	2007 £'000
<b>Current assets</b>			
Debtors:			
amounts falling due within one year	9a	341	365
amounts falling due after more than one year	9b	10,198	10,383
Cash at bank and in hand		839	858
		<u>11,378</u>	<u>11,606</u>
<b>Creditors: amounts falling due within one year</b>	10a	<u>(1,594)</u>	<u>(1,493)</u>
<b>Net current assets</b>		<b>9,784</b>	<b>10,113</b>
<b>Creditors: amounts falling due after more than one year</b>	10b	<b>(8,841)</b>	<b>(9,273)</b>
		<u>943</u>	<u>840</u>
<b>Net assets</b>		<b>943</b>	<b>840</b>
<b>Capital and reserves</b>			
Called up share capital	13	1	1
Profit and loss account		942	839
<b>Shareholders' funds</b>		<u>943</u>	<u>840</u>

The financial statements were approved by the Board of Directors on 29/01/2009 and were signed on its behalf by:



C Easton  
 Director

## Notes to the financial statements for the year ended 31 March 2008

### 1 Accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### *Basis of accounting*

The financial statements are prepared under the historical cost convention.

As 100% of the Company's voting rights are controlled within the group headed by I2 Holdco 2 Limited, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties).

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

#### *Finance debtor*

Costs incurred in the construction of the School building have been accounted for under Financial Reporting Standard (FRS) 5 Application Note F.

Applying the guidance within the Application Note indicates that the project's principal agreement transfers substantially all the risks and rewards of ownership to the customer.

As such the costs incurred on the project have been treated as a finance debtor within these accounts.

Fees are allocated between turnover and reimbursement of finance debtor so as to generate a constant rate of return in respect of the finance debtor over the life of the contract.

#### *Taxation*

The charge for taxation is based on the profit for the 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, except as otherwise required by FRS 19.

#### *Turnover*

Turnover represents the value of work done and services rendered. It arises entirely in the UK and excludes value added tax.

#### *Financial instruments*

The company is party to derivative interest rate swap agreements, which are used to manage exposures to fluctuations in interest rates.

Finance costs in accordance with FRS4 are charged to the profit and loss account over the life of the relevant loans.

## Notes to the financial statements (continued)

### 2. Turnover

	2008 £'000	2007 £'000
Turnover in the year is analysed as follows:		
Service fee	847	801
Third party revenue	7	18
Total	<u>854</u>	<u>819</u>

Turnover relates to operating activities carried out in the United Kingdom.

### 3. Operating profit

	2008 £'000	2007 £'000
Operating profit is stated after charging:		
Auditor's remuneration:-		
Audit of these financial statements	8	8
Other services relating to taxation	<u>4</u>	<u>6</u>

### 4. Emoluments of directors

The directors did not receive any remuneration for their services to the Company during either the current or previous year.

	2008 £'000	2007 £'000
Amounts payable to third parties in respect of the services of directors	<u>22</u>	<u>21</u>

### 5. Staff numbers and costs

The Company had no employees (excluding directors) during the year to 31 March 2008 (2007: none).

### 6. Interest payable

	2008 £'000	2007 £'000
Amounts payable on bank loans	621	629
Bank fees amortised	4	4
Amounts payable on subordinated loan interest	<u>152</u>	<u>156</u>
	<u>777</u>	<u>789</u>

## Notes to the financial statements (continued)

### 7. Interest receivable

	2008 £'000	2007 £'000
Interest receivable on bank deposits	20	22
Interest receivable on finance debtor	788	794
	<u>808</u>	<u>816</u>

### 8. Taxation

#### Tax on profit on ordinary activities

	2008 £'000	2007 £'000
Current tax on profit for the year at 30%	74	77
Prior year adjustment	-	(7)
Current tax charge on profit on ordinary activities	<u>74</u>	<u>70</u>

#### Factors affecting tax charge for the year

	2008 £'000	2007 £'000
Profit on ordinary activities before tax	<u>247</u>	<u>255</u>
Tax charge on the profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2007: 30% )	74	77
Effects of: Prior year adjustment	-	(7)
Current tax charge for the year	<u>74</u>	<u>70</u>

### 9. Debtors

	2008 £'000	2007 £'000
<b>(a) Due within one year</b>		
Trade debtors	4	21
Finance debtor	188	175
Other debtors and prepayments	149	169
	<u>341</u>	<u>365</u>
<b>(b) Due after more than one year</b>		
Finance debtor	<u>10,198</u>	<u>10,383</u>
	<u>10,539</u>	<u>10,748</u>

## Notes to the financial statements (continued)

### 10. Creditors

	2008 £'000	2007 £'000
<b>(a) Amounts falling due within one year</b>		
Bank loans (Note 11a)	401	404
Trade creditors	32	48
Subordinated loan (Note 11b)	15	8
Corporation tax creditor	74	87
Group relief payable	91	14
Unitary charge account	626	562
Other creditors	14	17
Accruals and deferred income	341	353
	<u>1,594</u>	<u>1,493</u>
<b>(b) Amounts falling due after one year</b>		
Bank loans (Note 11a)	11a) 7,574	7,973
Subordinated loan (Note 11b)	11b) 1,267	1,300
	<u>8,841</u>	<u>9,273</u>

### 11. Loans

<b>(a) Bank loans</b>	2008 £'000	2007 £'000
Due within one year	401	404
Due after more than one year	7,574	7,973
	<u>7,975</u>	<u>8,377</u>
The bank loans are repayable as follows:		
Within one year	401	404
Between one and two years	401	404
Between two and five years	1,203	1,213
After five years	5,970	6,356
	<u>7,975</u>	<u>8,377</u>

Bank loans represent amounts borrowed under a Senior Debt Facility. The amounts drawn under the Senior Debt Facility are repayable in fifty three equal semi annual instalments commencing May 2002.

Interest charges on amounts drawn are based on floating LIBOR. The Company has entered into an interest rate swap agreement whereby it pays a fixed rate of 6.49% per annum in respect of amounts drawn under the facilities. The swap expires on 30 November 2027.

In accordance with FRS 4: Capital Instruments issue costs have been offset against the related loans and are being amortised over the duration of the facilities.

The senior facility is secured by fixed and floating charges on the assets of the company.

## Notes to the financial statements (continued)

<b>(b) Subordinated loans</b>	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
Due within one year	15	8
Due after more than one year	1,267	1,300
	<u>1,282</u>	<u>1,308</u>
The subordinated loan is repayable as follows:		
Within one year	15	8
Between one and two years	16	14
Between two and five years	49	52
After five years	1,202	1,234
	<u>1,282</u>	<u>1,308</u>

The subordinated loan represents amounts borrowed from the parent company, NewSchools (Penweddig) Holdings Limited, under the Equity Subscription Agreement facility. The amounts drawn are repayable in semi annual instalments commencing 2001. Interest charges on amounts drawn are at 11.0% per annum.

In accordance with FRS 4: Capital Instruments issue costs have been offset against the related loans and are being amortised over the duration of the facilities.

The subordinated loan is not secured over the assets of the company.

### 12. Derivative financial instruments

The fair value of swap are disclosed in the table below:

	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
	<b>£</b>	<b>£</b>
Interest rate swap (liability)/asset (matures 30 November 2027)	(915)	808

The notional principal amount of the outstanding interest rate swap contract at 31 March 2008 was £8,019,279 (31 March 2007: £8,420,243).

### 13. Called up share capital

	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
<b>Authorised:</b>		
1,000 ordinary shares of £1 each (2007: 1,000)	1	1
<b>Called up, allotted and fully paid:</b>		
1,000 ordinary shares of £1 each (2007: 1,000)	1	1

## **Notes to the financial statement** *(continued)*

### **14. Dividends**

	<b>2008</b>	2007
	<b>£'000</b>	£'000
Interim dividend of £70 (2007: £nil) per ordinary share	70	-
	<u>70</u>	<u>-</u>

### **15. Ultimate parent company**

The Company is a wholly owned subsidiary of Newschools (Penweddig) Holdco Limited, which is the intermediate parent company incorporated in England and Wales.

The ultimate parent and controlling entity is Barclays Integrated Infrastructure Fund LP. Barclays Integrated Infrastructure Fund LP is owned by a number of investors, with no one investor having individual control.