

NewSchools (Penweddig) Limited

Annual Report and Financial Statements

For the Year Ended 31 December 2011

Registered Number 03773791



NewSchools (Penweddig) Limited

Financial Statements

Year Ended 31 December 2011

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NewSchools (Penweddig) Limited

Company Information

| | |
|-------------------------------|---|
| The board of directors | BIIF Corporate Services Limited Faraidon Saheb-Zadha |
| Company secretary | Infrastructure Managers Limited |
| Registered office | 5th Floor 100 Wood Street London EC2V 7EX |
| Auditor | PricewaterhouseCoopers LLP Chartered accountants and Statutory Auditors PO Box 90 Erskine House 68-73 Queen Street Edinburgh EH2 4NH |
| Bankers | National Westminster Bank Plc PO Box 12263 1 Princes Street London EC2R 8PH |
| Solicitors | Maclay Murray & Spens LLP One London Wall London EC2Y 5AB |

NewSchools (Penweddig) Limited

The Directors' Report

Year Ended 31 December 2011

The directors have pleasure in presenting their report and the financial statements of the Company for the year ended 31 December 2011

Principal activities and business review

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

Results and dividends

The profit for the year, after taxation, amounted to £421,854 Particulars of dividends paid are detailed in note 9 to the financial statements

The profit for the year will be transferred to reserves

Key performance indicators

The performance of the investment from a cash perspective is assessed on a six monthly basis by the testing of the covenants of the investments senior debt provider The key indicator being the debt service cover ratio The investment has been performing well and has been compliant with the covenants laid out in the loan agreement

Financial instruments

Details of the Company's financial risk management objectives and policies are included in note 15 to the accounts

Directors

The directors who served the Company during the year and up to the date of this report are listed on page 1

Auditor

PricewaterhouseCoopers LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006

Registered office
5th Floor
100 Wood Street
London
EC2V 7EX

Signed by order of the directors



Infrastructure Managers Limited
Company Secretary

Approved by the directors on 29 March 2012

NewSchools (Penweddig) Limited

Statement of Directors' Responsibilities

Year Ended 31 December 2011

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). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for the year ended 31 December 2011. 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,
- 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 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 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.

In so far as the directors are aware

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

The Directors' responsibilities were approved by the board on  and signed on its behalf by


Faraidon Saneb-Zadha

NewSchools (Penweddig) Limited

Independent Auditor's Report to the Members of NewSchools (Penweddig) Limited

We have audited the financial statements of NewSchools (Penweddig) Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, Balance Sheet and the related notes. 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).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

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 Annual Report and Financial Statements. In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements. 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 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

NewSchools (Penweddig) Limited

Independent Auditor's Report to the Members of NewSchools (Penweddig) Limited *(continued)*

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

Martin Cowie

Martin Cowie (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered accountants and Statutory Auditors

29 March 2012

NewSchools (Penweddig) Limited

Profit and Loss Account

Year Ended 31 December 2011

| | Note | 2011 £ | 2010 £ |
|--|-------------|-------------------|-------------------|
| Turnover | 2 | 618,338 | 745,086 |
| Cost of sales | | (520,056) | (544,104) |
| Gross profit | | 98,282 | 200,982 |
| Administrative expenses | | (131,315) | (117,970) |
| Other operating income | 3 | 7,391 | 8,224 |
| Operating (loss)/profit | 4 | (25,642) | 91,236 |
| Interest receivable | 6 | 1,244,052 | 1,187,417 |
| Interest payable and similar charges | 7 | (643,218) | (675,699) |
| Profit on ordinary activities before taxation | | 575,192 | 602,954 |
| Tax on profit on ordinary activities | 8 | (153,338) | (169,348) |
| Profit for the financial year | | 421,854 | 433,606 |

All of the activities of the Company are classed as continuing

The Company has no recognised gains and losses other than those included in the profit above and therefore no separate statement of total recognised gains and losses has been presented

There is no difference between the profit on ordinary activities before taxation and the profit for the year stated above and their historical cost equivalents

The notes on pages 8 to 14 form part of these financial statements

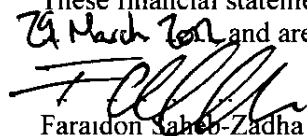
NewSchools (Penweddig) Limited

Balance Sheet

As at 31 December 2011

| | Note | 2011 £ | 2010 £ |
|--|------|--------------------|--------------------|
| Current assets | | | |
| Debtors due within one year | 10 | 478,198 | 465,813 |
| Debtors due after one year | 10 | 9,369,181 | 9,612,837 |
| Cash at bank | | 1,058,304 | 840,350 |
| | | <u>10,905,683</u> | <u>10,919,000</u> |
| Creditors: Amounts falling due within one year | 12 | <u>(1,982,661)</u> | <u>(1,863,730)</u> |
| Net current assets | | <u>8,923,022</u> | <u>9,055,270</u> |
| Total assets less current liabilities | | <u>8,923,022</u> | <u>9,055,270</u> |
| Creditors: Amounts falling due after more than one year | 13 | <u>(7,173,851)</u> | <u>(7,598,953)</u> |
| Net assets | | <u>1,749,171</u> | <u>1,456,317</u> |
| Capital and reserves | | | |
| Share capital | 16 | 1,000 | 1,000 |
| Profit and loss account | 17 | 1,748,171 | 1,455,317 |
| Equity shareholders' funds | 18 | <u>1,749,171</u> | <u>1,456,317</u> |

These financial statements on pages 6 to 14 were approved by the directors and authorised for issue on 29 March 2012 and are signed on their behalf by


Faraidon Sahob-Zadha

Company Registration Number 03773791

The notes on pages 8 to 14 form part of these financial statements

NewSchools (Penweddig) Limited

Notes to the Financial Statements

Year Ended 31 December 2011

1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year, is set out below

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable Accounting Standards in the United Kingdom. The financial statements have been prepared on a going concern basis as the Company's financial projections indicate that sufficient funds will be generated to allow on-going obligations to be met as they fall due.

Cash flow statement

The Company is a wholly owned subsidiary of BIIF Holdco Limited and is included in the consolidated financial statements of BIIF Holdco Limited, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Deferred taxation

Deferred tax is fully provided on timing differences recognised by the balance sheet date when the Company has an obligation to pay more or less tax in the future as a result of these timing differences. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. The Company has not adopted a policy of discounting deferred tax assets and liabilities, as permitted by FRS 19 (Deferred Tax).

Financial Instruments

The Company uses derivative financial instruments to manage exposures to fluctuations in interest rates. Amounts payable and receivable in respect of these derivatives are recognised as adjustments to interest expense over the term of the contracts.

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.

NewSchools (Penweddig) Limited

Notes to the Financial Statements

Year Ended 31 December 2011

1 Accounting policies (*continued*)

Taxation

The tax expense represents the sum of current tax expense and deferred tax expense

Current tax expense is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes 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 and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income

As part of the unitary charge the Company receives a contribution towards all asset renewal programs. Amounts received but not yet exhausted are treated as deferred income and released to the Profit & Loss account as expenditure becomes due.

2 Turnover

The turnover and profit before tax are attributable to the one principal activity of the Company. An analysis of turnover is given below.

| | 2011 £ | 2010 £ |
|----------------|----------------|----------------|
| United Kingdom | <u>618,338</u> | <u>745,086</u> |

3 Other operating income

| | 2011 £ | 2010 £ |
|---------------------|--------------|--------------|
| Third party revenue | <u>7,391</u> | <u>8,224</u> |

4 Operating (loss)/profit

Operating (loss)/profit is stated after charging

| | 2011 £ | 2010 £ |
|--|--------------|---------------|
| Auditor's remuneration - as auditor | <u>8,287</u> | <u>14,282</u> |

5 Particulars of employees and directors

The Directors did not receive any remuneration from the Company during the year (2010 £nil). There were no employees in the financial year other than the directors (2010 nil).

NewSchools (Penweddig) Limited

Notes to the Financial Statements

Year Ended 31 December 2011

6 Interest receivable

| | 2011 £ | 2010 £ |
|---------------------------------------|------------------|------------------|
| Interest receivable on bank deposits | 5,751 | 2,913 |
| Interest receivable on finance debtor | 1,238,301 | 1,184,504 |
| | <u>1,244,052</u> | <u>1,187,417</u> |

7 Interest payable and similar charges

| | 2011 £ | 2010 £ |
|---------------------------------------|----------------|----------------|
| Amounts payable on group undertakings | 138,200 | 140,781 |
| Finance charges | 6,660 | 6,656 |
| Amounts payable on bank loans | 498,358 | 528,262 |
| | <u>643,218</u> | <u>675,699</u> |

8 Taxation on ordinary activities

(a) Analysis of charge in the year

| | 2011 £ | 2010 £ |
|---|----------------|----------------|
| Current tax | | |
| In respect of the year | | |
| UK Corporation tax based on the results for the year at 26.50% (2010 - 28%) | 150,809 | 173,527 |
| Total current tax | <u>150,809</u> | <u>173,527</u> |
| Deferred tax | | |
| Origination and reversal of timing differences | 2,529 | (4,179) |
| Tax on profit on ordinary activities | <u>153,338</u> | <u>169,348</u> |

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 26.50% (2010 - 28%)

| | 2011 £ | 2010 £ |
|--|----------------|----------------|
| Profit on ordinary activities before taxation | <u>575,192</u> | <u>602,954</u> |
| Profit on ordinary activities by rate of tax | 152,387 | 168,827 |
| Timing differences between depreciation and capital allowances | (1,578) | 4,700 |
| Total current tax (note 8(a)) | <u>150,809</u> | <u>173,527</u> |

NewSchools (Penweddig) Limited

Notes to the Financial Statements

Year Ended 31 December 2011

8 Taxation on ordinary activities (*continued*)

(c) Factors that may affect future tax charges

During the year, as a result of the change in the UK main corporation tax rate from 26% to 25% that was substantively enacted on 5 July 2011 and that will be effective from 1 April 2012, the relevant deferred tax balances have been re-measured

Further reductions to the UK corporation tax rate were announced in the March 2011 Budget. These changes had not been substantively enacted at the balance sheet date and therefore are not recognised in these financial statements. The changes, which are expected to be enacted separately each year, propose to reduce the rate by 1% per annum to 23% by 1 April 2014.

9 Dividends

Equity dividends

| | 2011 £ | 2010 £ |
|---|----------------|----------------|
| Paid during the year | | |
| Dividends on equity shares £129 per share (2010 £100) | <u>129,000</u> | <u>100,000</u> |

10 Debtors

| | 2011 £ | 2010 £ |
|-------------------------------|------------------|-------------------|
| Trade debtors | – | 1,253 |
| Finance debtor | 9,617,111 | 9,842,931 |
| Other debtors and prepayments | 218,750 | 220,419 |
| Deferred taxation (note 11) | 11,518 | 14,047 |
| | <u>9,847,379</u> | <u>10,078,650</u> |

The debtors above include the following amounts falling due after more than one year

| | 2011 £ | 2010 £ |
|----------------|------------------|------------------|
| Finance Debtor | <u>9,369,181</u> | <u>9,612,837</u> |

The movement in the finance debtor is analysed as follows

| | 31 Dec 11 £ | 31 Dec 10 £ |
|----------------------|------------------|------------------|
| At beginning of year | 9,842,931 | 110,049,152 |
| Repayments | (225,820) | (206,221) |
| At end of year | <u>9,617,111</u> | <u>9,842,931</u> |

NewSchools (Penweddig) Limited

Notes to the Financial Statements

Year Ended 31 December 2011

11 Deferred taxation

The deferred tax included in the Balance sheet is as follows

| | 2011 | 2010 |
|-------------------------------|---------------|---------------|
| | £ | £ |
| Included in debtors (note 10) | 11,518 | 14,047 |

The movement in the deferred taxation account during the year was

| | 2011 | 2010 |
|--|----------------|---------------|
| | £ | £ |
| Balance brought forward | 14,047 | 9,868 |
| Profit and loss account movement arising during the year | (2,529) | 4,179 |
| Balance carried forward | 11,518 | 14,047 |

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of

| | 2011 | 2010 |
|---|---------------|---------------|
| | £ | £ |
| Excess of depreciation over taxation allowances | 11,518 | 14,047 |
| | 11,518 | 14,047 |

12 Creditors: Amounts falling due within one year

| | 2011 | 2010 |
|------------------------------------|------------------|------------------|
| | £ | £ |
| Amounts owed to group undertakings | 37,011 | 23,184 |
| Bank loans | 399,060 | 399,060 |
| Trade creditors | 55,002 | 35,360 |
| Corporation tax | – | 176,356 |
| Other taxation | 73,306 | 64,614 |
| Group relief payable | 549,695 | 351,632 |
| Deferred income | 752,469 | 661,905 |
| Accruals and deferred income | 116,118 | 151,619 |
| | 1,982,661 | 1,863,730 |

The amounts due to group undertakings are trading balances which are not interest bearing and are repayable on demand

13 Creditors: Amounts falling due after more than one year

| | 2011 | 2010 |
|-------------------|------------------|------------------|
| | £ | £ |
| Bank loans | 5,978,523 | 6,379,238 |
| Subordinated loan | 1,195,328 | 1,219,715 |
| | 7,173,851 | 7,598,953 |

NewSchools (Penweddig) Limited

Notes to the Financial Statements

Year Ended 31 December 2011

14 Creditors - capital instruments

Creditors include loans which are due for repayment as follows

| | 2011 £ | 2010 £ |
|---|------------------|------------------|
| Amounts repayable | | |
| In one year or less or on demand | 436,071 | 422,244 |
| In more than one year but not more than two years | 423,277 | 420,655 |
| In more than two years but not more than five years | 1,289,290 | 1,279,216 |
| In more than five years | 5,461,284 | 5,899,082 |
| | <u>7,609,922</u> | <u>8,021,197</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.

Issue costs of £111,060 (2010: £117,720) have been set off against total loan drawdowns in line with FRS4.

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

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.

15 Financial risk management objectives and policies

Fair values of financial assets and liabilities

Set out below is a comparison by category of carrying amounts and fair values of all of the Company's financial instruments that are carried in the financial statements at other than fair values.

| | 2011 | | 2010 | |
|-------------------------------------|-------------------------|-----------------|-------------------------|-----------------|
| | Carrying amount £ | Fair value £ | Carrying amount £ | Fair value £ |
| <i>Financial liabilities</i> | | | | |
| Bank loan | (6,415,423) | (2,029,171) | (6,816,387) | (8,344,351) |
| Interest rate swap | – | (4,386,252) | – | 1,527,964 |

NewSchools (Penweddig) Limited

Notes to the Financial Statements

Year Ended 31 December 2011

16 Share capital

Authorised share capital:

| | 2011 | 2010 |
|----------------------------------|--------------|--------------|
| | £ | £ |
| 1,000 Ordinary shares of £1 each | <u>1,000</u> | <u>1,000</u> |

Allotted, called up and fully paid:

| | 2011 | | 2010 | |
|----------------------------------|--------------|--------------|--------------|--------------|
| | No | £ | No | £ |
| 1,000 Ordinary shares of £1 each | <u>1,000</u> | <u>1,000</u> | <u>1,000</u> | <u>1,000</u> |

17 Profit and loss account

| | 2011 | 2010 |
|-------------------------------|------------------|------------------|
| | £ | £ |
| Balance brought forward | 1,455,317 | 1,121,711 |
| Profit for the financial year | 421,854 | 433,606 |
| Equity dividends | (129,000) | (100,000) |
| Balance carried forward | <u>1,748,171</u> | <u>1,455,317</u> |

18 Reconciliation of movements in shareholders' funds

| | 2011 | 2010 |
|-------------------------------------|------------------|------------------|
| | £ | £ |
| Profit for the financial year | 421,854 | 433,606 |
| Equity dividends | (129,000) | (100,000) |
| Net addition to shareholders' funds | 292,854 | 333,606 |
| Opening shareholders' funds | 1,456,317 | 1,122,711 |
| Closing shareholders' funds | <u>1,749,171</u> | <u>1,456,317</u> |

19 Related party disclosures

The directors have considered the provisions contained within FRS 8 and are satisfied that there are no further disclosures required

Disclosure of related party transactions that the Directors have with the group which is consolidated at BIIF Holdco Limited LP are included in the accounts of that entity

20 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.