

NewSchools (Penweddig) Limited
Annual Report and Financial Statements
For the Year Ended 31 December 2014

Registered Number 03773791

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NewSchools (Penweddig) Limited

Financial Statements

Year Ended 31 December 2014

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NewSchools (Penweddig) Limited

Company Information

The Board of Directors	BIIF Corporate Services Limited John I Cavill
Company Secretary	Infrastructure Managers Limited
Registered Office	c/o Dundas & Wilson Northwest Wing Bush House Aldwych London WC2B 4EZ
Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Level 4 Atria One 144 Morrison Street Edinburgh EH3 8EX
Bankers	National Westminster Bank Plc PO Box 12263 1 Princes Street London EC2R 8BP
Solicitors	Maclay Murray & Spens LLP One London Wall London EC2Y 5AB

NewSchools (Penweddig) Limited

Directors' Report

Year Ended 31 December 2014

The directors present their report and the financial statements of the Company for the year ended 31 December 2014.

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. The contract started in 2000 and will run until 2030.

Results and Dividends

The profit for the year, after taxation, amounted to £579,341 (2013: £485,231). Particulars of dividends paid are detailed in note 9 to the financial statements.

The profit for the year will be transferred to reserves.

The results for the year are in line with budget. The directors anticipate that the Company will perform in line with budget in the coming financial year.

Principal Risks and Uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. The key business risks affecting the Company are considered to relate to fluctuations in interest rates and increases in insurance and lifecycle costs.

Key Performance Indicators

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

Financial Instruments

Details of the Company's financial risk management objectives and policies are included in note 13 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.

NewSchools (Penweddig) Limited

Directors' Report *(continued)*

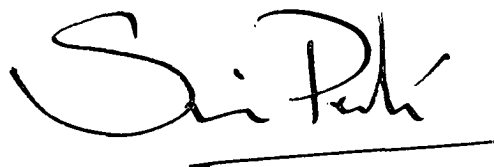
Year Ended 31 December 2014

Small company provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

Registered office:
c/o Dundas & Wilson
Northwest Wing
Bush House
Aldwych
London
WC2B 4EZ

Signed by order of the directors

A handwritten signature in black ink, appearing to read 'S. P. H.', with a horizontal line underneath.

Infrastructure Managers Limited
Company Secretary

Approved by the directors on ~~12 JUNE 2015~~ **19 JUNE 2015**

NewSchools (Penweddig) Limited

Statement of Directors' Responsibilities

Year Ended 31 December 2014

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 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). 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 year.

In preparing those 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;
- 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.

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

The Directors' responsibilities were approved by the board on ~~12 JUNE 2015~~ **16 JUNE 2015** and signed on its behalf by:



.....
John I Cavill

NewSchools (Penweddig) Limited

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

Report on the financial statements

Our opinion

In our opinion, NewSchools (Penweddig) Limited's financial statements ("the financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2014 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.

What we have audited

NewSchools (Penweddig) Limited's financial statements, comprise:

- the balance sheet as at 31 December 2014;
- the profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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 Auditors' Report to the Members of NewSchools (Penweddig) Limited *(continued)*

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, 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) ("ISAs (UK & 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.

NewSchools (Penweddig) Limited

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

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK and Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify 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.



Caroline Roxburgh (Senior Statutory Auditor)
For and on behalf of
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh

18 June 2015

NewSchools (Penweddig) Limited

Profit and Loss Account

Year Ended 31 December 2014

	Note	2014 £	2013 £
Turnover		761,977	661,117
Cost of sales		<u>(574,485)</u>	<u>(561,732)</u>
Gross profit		187,492	99,385
Administrative expenses		(125,349)	(137,757)
Other operating income	2	<u>9,854</u>	<u>7,604</u>
Operating profit/(loss)	3	71,997	(30,768)
Interest receivable	4	1,212,697	1,249,092
Interest payable and similar charges	5	<u>(546,619)</u>	<u>(581,273)</u>
Profit on ordinary activities before taxation		738,075	637,051
Tax on profit on ordinary activities	6	<u>(158,734)</u>	<u>(151,820)</u>
Profit for the financial year		<u>579,341</u>	<u>485,231</u>

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 10 to 16 form part of these financial statements.

NewSchools (Penweddig) Limited

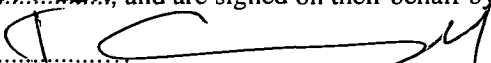
Balance Sheet

As at 31 December 2014

	Note	2014 £	2013 £
Current assets			
Debtors due within one year	8	550,463	552,054
Debtors due after one year	8	8,506,946	8,815,817
Cash at bank		1,544,476	1,199,714
		<u>10,601,885</u>	<u>10,567,585</u>
Creditors: Amounts falling due within one year	10	<u>(1,311,937)</u>	<u>(1,314,861)</u>
Net current assets		<u>9,289,948</u>	<u>9,252,724</u>
Total assets less current liabilities		<u>9,289,948</u>	<u>9,252,724</u>
Creditors: Amounts falling due after more than one year	11	<u>(6,639,413)</u>	<u>(7,079,273)</u>
Net assets		<u>2,650,535</u>	<u>2,173,451</u>
Capital and reserves			
Share capital	14	1,000	1,000
Profit and loss account	15	2,649,535	2,172,451
Equity shareholders' funds	16	<u>2,650,535</u>	<u>2,173,451</u>

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

These accounts on pages 8 to 16 were approved by the directors and authorised for issue on 18 June 2015, and are signed on their behalf by:


John I Cavill

Company Registration Number: 03773791

The notes on pages 10 to 16 form part of these financial statements.

NewSchools (Penweddig) Limited

Notes to the Financial Statements

Year Ended 31 December 2014

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

Management service income is received by the Company for the provision of a PFI asset to the customer over the life of the concession period and is allocated between turnover, finance debtor interest 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. Turnover represents the services share of the management services income.

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 subsidiaries' assets have been accounted for under FRS 5 Application Note F.

When applying the guidance within the Application Note indicates that the project's principal agreements transfer substantially all the risks and rewards of ownership to the customer, the costs incurred by the company on the design and construction of the assets have been treated as a finance debtor within these financial statements.

NewSchools (Penweddig) Limited

Notes to the Financial Statements

Year Ended 31 December 2014

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. Other operating income

	2014	2013
	£	£
Third party revenue	9,479	7,604
Other operating income	375	–
	<u>9,854</u>	<u>7,604</u>

3. Operating profit/(loss)

Operating profit/(loss) is stated after charging:

	2014	2013
	£	£
Auditor's fees	<u>9,148</u>	<u>8,791</u>

4. Interest receivable

	2014	2013
	£	£
Bank interest receivable	5,737	5,668
Interest receivable on finance debtor	<u>1,206,960</u>	<u>1,243,424</u>
	<u>1,212,697</u>	<u>1,249,092</u>

NewSchools (Penweddig) Limited

Notes to the Financial Statements

Year Ended 31 December 2014

5. Interest payable and similar charges

	2014 £	2013 £
Interest payable on bank borrowings	408,169	438,181
Interest on other loans	131,790	136,432
Amortisation of loan issue costs	6,660	6,660
	<u>546,619</u>	<u>581,273</u>

6. Taxation on ordinary activities

(a) Analysis of charge in the year

	2014 £	2013 £
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 21.49% (2013 - 23.25%)	160,054	145,777
Total current tax	<u>160,054</u>	<u>145,777</u>
Deferred tax:		
Origination and reversal of timing differences	(1,320)	6,043
Tax on profit on ordinary activities	<u>158,734</u>	<u>151,820</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 21.49% (2013 - 23.25%).

	2014 £	2013 £
Profit on ordinary activities before taxation	<u>738,075</u>	<u>637,051</u>
Profit on ordinary activities by rate of tax	158,636	148,092
Timing differences between depreciation and capital allowances	1,418	(2,315)
Total current tax (note 6(a))	<u>160,054</u>	<u>145,777</u>

7. Dividends

Equity dividends

	2014 £	2013 £
Paid during the year:		
Dividends on equity shares £102 per share (2013 : £312)	<u>102,257</u>	<u>311,742</u>

NewSchools (Penweddig) Limited

Notes to the Financial Statements

Year Ended 31 December 2014

8. Debtors

	2014	2013
	£	£
Trade debtors	662	15,649
Finance debtor	8,815,817	9,102,874
Other debtors	342	13,845
Prepayments and accrued income	10,022	10,273
Other prepayments and accrued income	220,172	216,156
Deferred taxation (note 9)	10,394	9,074
	<u>9,057,409</u>	<u>9,367,871</u>

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

	2014	2013
	£	£
Finance Debtor	<u>8,506,946</u>	<u>8,815,817</u>

The movement in the finance debtor is analysed as follows:

	2014	2013
	£	£
Opening balance	9,102,874	9,369,305
Repayments received	(287,057)	(266,431)
Closing Balance	<u>8,815,817</u>	<u>9,102,874</u>

9. Deferred taxation

The deferred tax included in the Balance sheet is as follows:

	2014	2013
	£	£
Included in debtors (note 8)	<u>10,394</u>	<u>9,074</u>

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

	2014	2013
	£	£
Excess of depreciation over taxation allowances	<u>10,394</u>	<u>9,074</u>
	<u>10,394</u>	<u>9,074</u>

Deferred tax balances have been calculated at 20% being the UK main corporation tax rate effective from 1 April 2015.

NewSchools (Penweddig) Limited

Notes to the Financial Statements

Year Ended 31 December 2014

10. Creditors: Amounts falling due within one year

	2014	2013
	£	£
Bank loans	399,060	399,060
Trade creditors	45,549	70,102
Amounts owed to group undertakings	606,901	592,214
VAT	78,731	73,484
Deferred income	131,196	131,196
Accruals and deferred income	50,500	48,805
	<u>1,311,937</u>	<u>1,314,861</u>

The amounts due to group undertakings include £544,293 (2013: £530,017) in respect of group relief, together with subordinated loan capital repayable within the year of £30,049 (2013: £27,253) and accrued interest on subordinated debt of £32,559 (2013: £34,944).

11. Creditors: Amounts falling due after more than one year

	2014	2013
	£	£
Bank loans	4,782,363	5,181,083
Amounts owed to group undertakings	1,139,771	1,169,454
Other creditors	717,279	728,736
	<u>6,639,413</u>	<u>7,079,273</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 £91,080 (2013: £97,740) have been set off against total loan drawdowns in line with FRS4.

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.

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.

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

12. Creditors - capital instruments

NewSchools (Penweddig) Limited

Notes to the Financial Statements

Year Ended 31 December 2014

Creditors include loans which are due for repayment as follows:

	2014 £	2013 £
Amounts repayable:		
In one year or less or on demand	429,109	426,313
In more than one year but not more than two years	432,559	429,625
In more than two years but not more than five years	1,321,929	1,312,888
In more than five years	4,167,645	4,608,024
	<u>6,351,242</u>	<u>6,776,850</u>

13. Financial risk management objectives and policies

Due to the nature of the Company's business, the only financial risks the directors consider relevant to this Company is credit, cash flow, interest rate and liquidity risk. The credit and cash flow risks are not considered significant as the client is a quasi governmental organisation.

Interest rate risk

The financial risk management objectives of the Company are to ensure that financial risks are mitigated by the use of financial instruments where they cannot be addressed by means of contractual provisions. The Company uses interest rate swaps to reduce its exposure to interest rate movements. Financial instruments are not used for speculative purposes.

Liquidity risk

The Company's liquidity risk is principally managed through financing the Company by means of long term borrowings.

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:

	2014		2013	
	Carrying amount £	Fair value £	Carrying amount £	Fair value £
<i>Financial liabilities</i>				
Bank loan	(5,212,532)	(3,641,268)	(5,613,496)	(4,226,417)
Interest rate swap	–	(1,571,264)	–	(1,387,079)

14. Share capital

Allotted, called up and fully paid:

	2014		2013	
	No	£	No	£
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

NewSchools (Penweddig) Limited

Notes to the Financial Statements

Year Ended 31 December 2014

15. Profit and loss account

	2014	2013
	£	£
Balance brought forward	2,172,451	1,998,962
Profit for the financial year	579,341	485,231
Equity dividends	(102,257)	(311,742)
Balance carried forward	<u>2,649,535</u>	<u>2,172,451</u>

16. Reconciliation of movements in shareholders' funds

	2014	2013
	£	£
Profit for the financial year	579,341	485,231
Equity dividends	(102,257)	(311,742)
Net addition to shareholders' funds	<u>477,084</u>	173,489
Opening shareholders' funds	<u>2,173,451</u>	1,999,962
Closing shareholders' funds	<u>2,650,535</u>	<u>2,173,451</u>

17. 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 any related party transactions that the directors have with the group which is consolidated at BIIF Holdco Limited are included in the accounts of that entity.

18. Ultimate parent company

The immediate parent undertaking is NewSchools (Penweddig) Holdings Limited.

The intermediate parent undertaking is BIIF Holdco Limited, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of BIIF Holdco Limited consolidated financial statements can be obtained from the Company Secretary at c/o Dundas & Wilson, Northwest Wing Bush House, Aldwych, London WC2B 4EZ.

The ultimate parent and controlling party is BIIF L.P. BIIF L.P. is owned by a number of investors with no one investor having individual control.