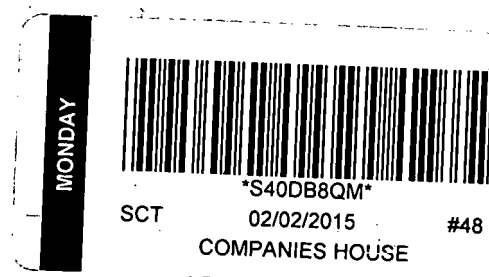


**The Education Support Company (Leeds)
Limited**

Annual Report and Financial Statements

For the Year Ended 31 March 2014

Registered Number 4190375



The Education Support Company (Leeds) Limited

Financial Statements

Year Ended 31 March 2014

Contents	Page
Company information	1
Directors' report	2
Statement of directors' responsibilities	4
Independent auditors' report to the members	5
Profit and loss account	7
Balance sheet	8
Notes to the financial statements	9

The Education Support Company (Leeds) Limited

Company Information

The board of directors

Michael A Donn
Martin T Smith
BIIF Corporate Services Limited
David F Gilmour

Company secretary

Infrastructure Managers Limited

Registered office

c/o CMS Cameron McKenna LLP
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

BNP Paribas
10 Harewood Avenue
London
NW1 6AA

The Education Support Company (Leeds) Limited

Directors' Report

Year Ended 31 March 2014

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

Principal Activities and Business Review

The company's principal activity is that of a Private Finance Initiative Concessionaire for the Leeds Schools PFI project, under the terms of a Project Agreement dated 31 October 2001 between the company and Leeds City Council.

The company's Project Agreement requires it to design, build, develop and construct and then maintain and part operate seven schools in Leeds following the completion of the new facilities. The Concession is intended to continue for 25 years after completion of the schools.

Work commenced on the construction in July 2001. All construction was completed in August 2003. In the opinion of the directors progress has been satisfactory since the operational phase commenced.

Results and Dividends

The profit for the year amounted to £951,000 (2013: profit £640,000). Particulars of dividends paid are detailed in note 6 to the financial statements.

In September 2013, the directors declared a dividend of £4.06 per ordinary share. This dividend of £203,000 was paid on 3 October 2013.

In March 2014, the directors declared a dividend of £7.00 per ordinary share. This dividend of £350,000 was paid on 31 March 2014.

The profit for the year will be transferred to reserves.

Key performance indicators

The performance of the company from a cash perspective is assessed on a six monthly basis 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 laid out in the loan agreement.

Financial Instruments

Details of the Company's financial risk management objectives and policies are included in note 12 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.

Small Company Provisions

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

The Education Support Company (Leeds) Limited

Directors' Report *(continued)*

Year Ended 31 March 2014

Auditor

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

Registered office:
c/o CMS Cameron McKenna LLP
Northwest Wing Bush House
Aldwych
London
WC2B 4EZ

Signed by order of the directors

A handwritten signature in black ink, appearing to read 'Sin Pak', followed by a horizontal line.

Infrastructure Managers Limited
Company Secretary

Approved by the directors on 8 October 2014

The Education Support Company (Leeds) Limited

Statement of Directors' Responsibilities

Year Ended 31 March 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:

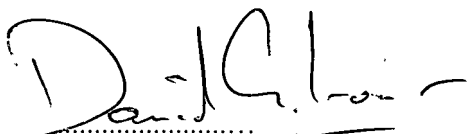
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 8 October 2014 and signed on its behalf by:


David F Gilmour

The Education Support Company (Leeds) Limited

Independent Auditors' Report to the Members of The Education Support Company (Leeds) Limited

Report on the Financial Statements

Our Opinion

In our opinion the financial statements, defined below:

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

This opinion is to be read in the context of what we say in the remainder of this report.

What We Have Audited

The financial statements, which are prepared by The Education Support Company (Leeds) Limited, comprise:

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

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).

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.

What an Audit of Financial Statements Involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & 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.

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.

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.

The Education Support Company (Leeds) Limited

Independent Auditors' Report to the Members of The Education Support Company (Leeds) 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 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 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.



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

8 October 2014

The Education Support Company (Leeds) Limited

Profit and Loss Account

Year Ended 31 March 2014

	Note	2014 £000	2013 £000
Turnover		2,967	2,716
Cost of sales		(1,973)	(1,799)
Gross Profit		994	917
Administrative expenses		(330)	(385)
Operating Profit	2	664	532
Interest receivable	3	2,345	2,405
Interest payable and similar charges		(2,067)	(2,144)
Profit on Ordinary Activities Before Taxation		942	793
Tax on profit on ordinary activities	5	9	(153)
Profit for the Financial Year		951	640

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 9 to 16 form part of these financial statements.

The Education Support Company (Leeds) Limited

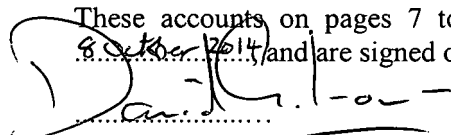
Balance Sheet

As at 31 March 2014

	Note	2014 £000	2013 £000
Current Assets			
Debtors due within one year	7	1,303	1,095
Debtors due after one year	7	31,824	32,951
Cash at bank		5,282	4,983
		<u>38,409</u>	<u>39,029</u>
Creditors: Amounts falling due within one year	8	<u>(4,601)</u>	<u>(4,446)</u>
Net Current Assets		<u>33,808</u>	<u>34,583</u>
Total Assets Less Current Liabilities		<u>33,808</u>	<u>34,583</u>
Creditors: Amounts falling due after more than one year	9	(30,348)	(31,476)
Provisions for Liabilities			
Deferred taxation	11	(2,150)	(2,196)
		<u>1,310</u>	<u>911</u>
Net assets		<u>1,310</u>	<u>911</u>
Capital and Reserves			
Share capital	13	50	50
Profit and loss account	14	1,260	861
Equity Shareholders' Funds	15	<u>1,310</u>	<u>911</u>

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

These accounts on pages 7 to 16 were approved by the directors and authorised for issue on 8 October 2014 and are signed on their behalf by:


David F Gilmour

Company Registration Number: 4190375

The notes on pages 9 to 16 form part of these financial statements.

The Education Support Company (Leeds) Limited

Notes to the Financial Statements

Year Ended 31 March 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 accounting

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 directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the Company is small.

Turnover

Turnover which excludes value added tax represents the invoiced value of the unitary charge earned in relation to the provision of the buildings and services under the contract between the company and Leeds City Council.

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.

The Education Support Company (Leeds) Limited

Notes to the Financial Statements

Year Ended 31 March 2014

1. Accounting policies *(continued)*

Finance debtor

Costs incurred in the construction of the schools 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 agreements transfer substantially all the risks and rewards of ownership to the customer. As such the costs incurred by the Company on the design and construction of the schools have been treated as finance debtor within these financial statements.

Unitary charges received from Leeds City Council are allocated between turnover, interest receivable on the finance debtor and reimbursement of finance debtor so as to generate a constant return in respect of the finance debtor over the life of the contract. Turnover reflects the income allocated to the services provided as part of the overall project.

Capital contributions

Capital contributions received have been deferred and are being released over the life of the related assets.

2. Operating profit

Operating profit is stated after charging:

	2014	2013
	£000	£000
Auditor's fees	9	9

3. Interest receivable

	2014	2013
	£000	£000
Bank interest receivable	19	22
Finance debtor interest	2,326	2,383
	<u>2,345</u>	<u>2,405</u>

The Education Support Company (Leeds) Limited

Notes to the Financial Statements

Year Ended 31 March 2014

4. Interest payable and similar charges

	2014	2013
	£	£
Interest payable on bank borrowings	1,597	1,673
Interest on other loans	438	439
Amortisation of loan issue costs	32	32
	<u>2,067</u>	<u>2,144</u>

5. Taxation on ordinary activities

(a) Analysis of charge in the year

	2014	2013
	£000	£000
Current tax:		
UK Corporation tax based on the results for the year at 23% (2013 - 24%)	37	-
Total current tax	<u>37</u>	<u>-</u>
Deferred tax:		
Origination and reversal of timing differences	276	238
Effect of changed tax rate on opening balance	(322)	(85)
Total deferred tax (note 11)	<u>(46)</u>	<u>153</u>
Tax on profit on ordinary activities	<u>(9)</u>	<u>153</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 23% (2013 - 24%).

	2014	2013
	£000	£000
Profit on ordinary activities before taxation	<u>942</u>	<u>793</u>
Profit on ordinary activities by rate of tax	217	191
Expenses not deductible for tax purposes	57	58
Capital allowances for year in excess of depreciation	27	1
Utilisation of tax losses	(264)	(250)
Total current tax (note 5(a))	<u>37</u>	<u>-</u>

The Education Support Company (Leeds) Limited

Notes to the Financial Statements

Year Ended 31 March 2014

5. Taxation on ordinary activities *(continued)*

(c) Factors that may affect future tax charges

During the year, as a result of the reduction in the UK main corporation tax rate from 23% to 20% that was enacted on 17 July 2013 to take effect in two stages from 1 April 2014 (21%) and then from 1 April 2015 (20%), the relevant deferred tax balances have been re-measured at 20%.

6. Dividends

Equity dividends

	2014 £000	2013 £000
Paid during the year:		
Dividends on ordinary shares	<u>553</u>	<u>1,386</u>

In September 2013, the directors declared a dividend of £4.06 per ordinary share totalling £203,000, which was paid in October 2013 (2013: £15.14 per ordinary share, totalling £757,000, paid October 2012)

In March 2014, the directors declared and paid a dividend of £7.00 per ordinary share totalling £350,000 (2013: £8.58 per ordinary share, totalling £429,000, paid March 2013).

7. Debtors

	2014 £000	2013 £000
Trade debtors	154	11
Finance debtor	32,944	34,003
Prepayments and accrued income	29	32
	<u>33,127</u>	<u>34,046</u>

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

	2014 £000	2013 £000
Finance debtor	<u>31,824</u>	<u>32,951</u>

The movement in the finance debtor is analysed as follows:

	2014 £	2013 £
Balance as at 1 April	34,003	35,052
Repayments received	(1,059)	(1,049)
	<u>32,944</u>	<u>34,003</u>

The Education Support Company (Leeds) Limited

Notes to the Financial Statements

Year Ended 31 March 2014

8. Creditors: Amounts falling due within one year

	2014	2013
	£000	£000
Bank loans	1,169	1,340
Trade creditors	414	270
Amounts owed to group undertakings	326	149
Unitary charge control account	228	343
Corporation tax	37	–
VAT	247	246
Other creditors	278	–
Accruals and deferred income	1,902	2,098
	<u>4,601</u>	<u>4,446</u>

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

	2014	2013
	£000	£000
Bank loans	23,268	24,437
Amounts owed to group undertakings	2,883	3,209
Unitary charge control account	3,062	2,623
Other creditors	1,135	1,207
	<u>30,348</u>	<u>31,476</u>

The senior loan agreement comprises: Construction and development costs £37,300,000 drawn down on the 31 December 2005 at 0.85% over LIBOR; A facility to fund post completion variations, at 0.85% over LIBOR, to a maximum aggregate principal amount not exceeding £720,000 not yet drawn down.

The company has entered into swap agreements fixing the rate at 5.24% until 30 September 2028.

Company's secured creditors have the benefit of first ranking charges granted by the Company over the whole of its investments, undertaking, property, assets, insurances and rights under certain contracts, both present and future, together with a first ranking charge over all of the ordinary shares of the Company and they Company's subordinated loan stock and those of its holding company, The Education Support Company Holdings (Leeds) Limited.

On 31 October 2001 the Company and the Education Support Company Holdings (Leeds) Limited created £4,522,000 unsecured Loan Notes 2028.

Under the terms of an Equity Subscription Agreement dated 31 October 2001, the shareholders of the holding company subscribed for Loan Stock of the Education Support Company Holdings (Leeds) Limited of £4,522,000 on 30 September 2003. The Education Support Company Holdings (Leeds) Limited has in turn subscribed for £4,522,000 Loan Stock of the company. The proceeds of the stock issue are being used by the company to finance its obligations under its Project Agreement with Leeds City Council.

The Education Support Company (Leeds) Limited

Notes to the Financial Statements

Year Ended 31 March 2014

9. Creditors: Amounts falling due after more than one year (Continued)

The company shall redeem the Notes on the Redemption Date of 30 September 2028, unless it chooses to redeem some or all of the Notes before this date. £149,000 (2013: £120,000) of the Loan Stock has been redeemed during the year.

Interest is payable on the Loan stock at 13% per annum.

10. Creditors - capital instruments

Creditors include loans which is due for repayment as follows:

	2014 £000	2013 £000
Amounts repayable:		
In one year or less or on demand	1,495	1,489
In more than one year but not more than two years	963	1,496
In more than two years but not more than five years	3,294	2,816
In more than five years	21,894	23,334
	<u>27,646</u>	<u>29,135</u>

11. Deferred taxation

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2014 £000	2013 £000
Excess of taxation allowances over depreciation on fixed assets	3,351	4,016
Tax losses available	(383)	(823)
Other timing differences	(818)	(997)
	<u>2,150</u>	<u>2,196</u>

12. Financial risk management objectives and policies

Due to the nature of the Company's business, the only financial risks the directors consider relevant to the 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 the 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 by financing the Company by means of long term borrowings.

The Education Support Company (Leeds) Limited

Notes to the Financial Statements

Year Ended 31 March 2014

12. Financial risk management objectives and policies

(continued)

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 £000	Fair value £000	Carrying amount £000	Fair value £000
<i>Financial liabilities</i>				
Long-term borrowing	(24,437)	(19,451)	(25,778)	(18,330)
Interest rate swap	—	(4,986)	—	(7,448)

The fair values of the fixed rate borrowing and the interest rate swap have been calculated by discounting the fixed cashflows at the prevailing interest rates at the year end.

13. Share capital

Allotted, called up and fully paid:

	2014		2013	
	No	£000	No	£000
Ordinary shares of £1 each	50,000	50	50,000	50

14. Profit and loss account

	2014 £000	2013 £000
Balance brought forward	861	1,607
Profit for the financial year	951	640
Equity dividends	(552)	(1,386)
Balance carried forward	1,260	861

15. Reconciliation of movements in shareholders' funds

	2014 £000	2013 £000
Profit for the financial year	951	640
Equity dividends	(552)	(1,386)
Net addition/(reduction) to shareholders' funds	399	(746)
Opening shareholders' funds	911	1,657
Closing shareholders' funds	1,310	911

The Education Support Company (Leeds) Limited

Notes to the Financial Statements

Year Ended 31 March 2014

16. Related party disclosures

Under the terms of an Investor's Agreement, Aberdeen Infrastructure (No.3) Limited and BIIF Bidco Limited, provided the company with its directors, staff and technical support services. The value of work undertaken in the year was: Aberdeen Infrastructure (No.3) Limited £11,000 (2013: £21,000), BIIF Bidco Limited £209,000 (2013: £204,000). As at 31 March 2014 trade creditors and accruals included £81,000 (2013: £69,000) due to the shareholders.

17. Ultimate parent company

The immediate parent company is The Education Support Company Holdings (Leeds) Limited.

The Education Support Company Holdings (Leeds) Limited is owned jointly by Elbon Holdings (2) Limited, a subsidiary of BIIF LP, and Aberdeen Infrastructure (No.3) Limited, a subsidiary of Aberdeen Infrastructure Partners LP Inc. Accordingly, there is no overall parent company and no ultimate controlling party.