

Company Registration No. 4200933

Partners For Improvement in Camden Limited

Report and Financial Statements

Year ended 31 December 2009

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Partners For Improvement in Camden Limited
REPORT AND FINANCIAL STATEMENTS 2009

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Partners For Improvement in Camden Limited

REPORT AND FINANCIAL STATEMENTS 2009

OFFICERS AND PROFESSIONAL ADVISERS

Directors

Andrew S. Mickleburgh (Chairman)
Colin Dixon
Martin T. Smith
William Haughey (resigned 29th October 2009)
Karen Hill (appointed 29th October 2009)

Secretary

Stephen Cross (resigned 16th December 2009)
Victoria Haynes (appointed 16th December 2009)

Registered Office

United House, Goldsel Road, Swanley, Kent, BR8 8EX

Bankers

Bank of Scotland Corporate Banking (division of Lloyds Banking Group plc),
Bishopsgate Exchange, 155 Bishopsgate, London, EC2M 3YB

Solicitors

Norton Rose, 3 More London Riverside, London, SE1 2AQ

Auditors

KPMG LLP, 1 Forest Gate, Brighton Road, Crawley, West Sussex, RH11 9PT

Partners For Improvement in Camden Limited

DIRECTORS REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2009. The company was incorporated on 18 April 2001 but remained dormant until the Private Finance Initiative (PFI) project reached financial close on 2 May 2006

ACTIVITIES

Working in partnership with the London Borough of Camden, Partners For Improvement in Camden Ltd (PFIC) was a new organisation set up specially to operate a social housing Private Finance Initiative project in Camden. This PFI is a Government supported programme aimed at bringing investment into council-owned property. It is an alternative to stock transfer and all of the properties will stay under the Council's ownership. PFIC is a specially created organisation which has entered into a contract with the Council to improve and maintain the properties for 15 years, while the Council retains housing management responsibilities.

REVIEW OF DEVELOPMENTS

This is the fourth period of operations of Partners For Improvement in Camden Ltd. Our major focus has been to bed in technical and operational construction processes developed in the first three years, to maintain and enhance key relationships, to ensure the refurbishment works programme is appropriately resourced and effectively delivered and to ensure the operational services continue to run smoothly and deliver the required outputs. At the end of the fourth period we can point to several key milestones that we have achieved

- Achieved block completion on the remaining blocks ahead of contractual programme
- Continued to ensure effective working relationships across the several different organisations comprising the partners' team delivering responsive, customer-focused services including building refurbishment, responsive repairs and heating maintenance.
- Continued the effective working relationships with the Local Authority to achieve a real sense of partnership working and collaborative problem solving
- Continued the close working relationships with local residents groups and community groups to give residents a real opportunity to contribute to the monitoring and development of the services.
- Responsive repairs performance comfortably ahead of service level targets, with no performance deductions and no significant unavailability
- Positive feedback received from all stakeholders – residents, councillors and officers
- All financial targets have been met fully.

DIVIDENDS

There have been no dividends paid during the period

FUTURE PROSPECTS

Over the next year, now that all blocks are fully refurbished, we will be continuing to monitor the Service phase of the project to ensure we will deliver our prime objective of maintaining the properties at the 'availability standard' set by the Council to provide modern living conditions for residents achieving the Governments' 'decent homes standard'.

Partners For Improvement in Camden Limited

DIRECTORS REPORT

We are committed to continue to deliver the highest quality responsive maintenance service and to strive to continuously improve this service by regular review and re-evaluation with all stakeholders to ensure it is effective and relevant

We are committed to continue to allow residents to monitor, contribute to and influence the operation of the project through formal operational forum

The project in its widest context will also help to improve the Chalcots Estate neighbourhood generally by being represented on and working in partnership with community groups and other organisations and contributing to initiatives such as,

- Upgrading the security of the estate thereby making a real, lasting contribution to the quality of life and sense of safety of all residents.
- By sponsoring activities and fund raising for a local youth group.

The delamination of the external rain screen cladding panels fitted to the first two blocks identified in 2007 was fully investigated during 2008 and during 2009 these blocks were reclad in an alternative product

CORPORATE GOVERNANCE

The Board is committed to ensuring that high standards of corporate governance operate throughout Partners For Improvement in Camden Ltd The following statement describes how the relevant principles of governance are applied.

THE BOARD

The Board consists of 4 directors and is responsible for effective control and proper management of the organisation The Board delegates some of its responsibilities to executive managers who report to the Board at each meeting where their recommendations are fully considered and approved where appropriate Regular Board meetings have been held throughout the financial year

INTERNAL CONTROL

The Board is ultimately responsible for ensuring that Partners For Improvement in Camden Ltd establishes and maintains an effective system of internal controls

- during the year, the Board assessed and approved changes to the risk register. These risks are monitored on a continual basis and focus on a variety of different risks that the organisation faces,
- written policies and procedures have been approved in line with contractual and statutory obligations; and
- budgets are prepared on an annual basis and compared with actual and forecast expenditure monthly, allowing the Board and managers to monitor key business and financial risks

Partners For Improvement in Camden Limited

DIRECTORS REPORT

DIRECTORS

The directors of the company during the year and to the date of this report were:

Name

Andrew S Mickleburgh (Chairman)
Colin Dixon
Martin T Smith
William Haughey (resigned 29th October 2009)
Karen Hill (appointed 29th October 2009)

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 steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

AUDITORS

Under section 487 of the Companies Act 2006, a resolution has been passed which results in the company not being required to reappoint its auditors annually. KPMG LLP will therefore continue as the company's auditors.

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



Andrew S. Mickleburgh
Director

Partners For Improvement in Camden Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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.

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 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PARTNERS FOR IMPROVEMENT IN CAMDEN LIMITED

We have audited the financial statements of Partners for Improvement in Camden Ltd. for the year ended 31st December 2009 set out on pages 8 to 16. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKNP

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 31st December 2009 and of its profit for the year then ended 31st December 2009;
- have been properly prepared in accordance with UK 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PARTNERS
FOR IMPROVEMENT IN CAMDEN 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



21 May 2010

D A Bowen (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Forest Gate
Brighton Road
Crawley
West Sussex
RH11 9PT

Partners For Improvement in Camden Limited

PROFIT AND LOSS ACCOUNT Year ended 31 December 2009

	Note	2009 £	2008 £
TURNOVER	2	2,612,691	2,480,967
Cost of sales		(1,283,212)	(904,681)
GROSS PROFIT		1,329,479	1,576,286
Administrative expenses		(1,126,131)	(1,383,190)
OPERATING PROFIT		203,348	193,096
Interest receivable and similar income	5	3,417,937	2,294,645
Interest payable and similar charges	6	(3,521,300)	(2,536,737)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	3	99,985	(48,995)
Tax on profit/(loss) on ordinary activities	7	-	-
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		99,985	(48,995)
Retained Loss brought forward		(713,949)	(664,953)
Retained Loss carried forward		(613,964)	(713,949)

There have been no recognised gains and losses attributable to the shareholders other than the above in either year and accordingly, no Statement of Total Recognised Gains and Losses is shown

All activities in the current and prior period are derived from continuing activities

There is no difference between the gains and losses shown in the profit and loss account and their historic cost equivalents.

Partners For Improvement in Camden Limited

BALANCE SHEET 31 December 2009

	Note	2009 £	2008 £
Current assets			
Debtors (including £61,728,440 due after one year)	8	62,734,510	54,898,004
Cash at bank and in hand		3,488,076	2,603,847
		<u>66,222,586</u>	<u>57,501,851</u>
Creditors: amounts falling due within one year	10	(18,481,428)	(16,160,926)
Net current assets		<u>47,741,158</u>	<u>41,340,925</u>
Creditors: amounts falling due after more than one year	11	(48,354,122)	(42,053,874)
Net liabilities		<u>(612,964)</u>	<u>(712,949)</u>
Capital and reserves			
Called up share capital	12	1,000	1,000
Profit and loss account	13	(613,964)	(713,949)
Total equity shareholders' deficit	14	<u>(612,964)</u>	<u>(712,949)</u>

These financial statements were approved by the Board of Directors on *5th May* 2010
Signed on behalf of the Board of Directors



Andrew S Mickleburgh
Director

Partners For Improvement in Camden Limited

NOTES TO THE ACCOUNTS

Period ended 31 December 2009

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below

Accounting convention

The financial statements are prepared under the historical cost convention

Basis of Preparation

At 31 December 2009 the Company balance sheet had net liabilities of £612,964. The Directors consider it appropriate to prepare the accounts on a going concern basis because the Company has prepared detailed cash flow forecasts which demonstrate that it will be able to operate within agreed funding levels and thus will be able to meet its liabilities as and when they fall due

Turnover

Turnover represents amounts derived from the provision of services which fall within the company's ordinary activities and excludes deduction of Value Added Tax. It is stated at the operating costs plus an appropriate margin.

Taxation

The charge for taxation is based on the profit/loss 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

Leases

Assets obtained under finance leases and hire purchase contracts are capitalised at their fair value on acquisition and depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

Operating lease rentals are charged to income in equal annual amounts over the lease term

Finance Debtor

The amounts spent on refurbishment of the Council properties, under the agreement with London Borough of Camden, are capitalised during the initial refurbishment period as a finance debtor together with the reimbursement of bid costs and success fees paid to the ultimate shareholders of the parent company. Income related to the finance debtor is split between interest and capital repayment and is allocated to accounting periods so as to give a constant periodic rate of return to the net cash investment in the finance debtor

Debt issue costs

Debt issue costs are amortised over the loan period in accordance with FRS4 "Capital Instruments"

Partners For Improvement in Camden Limited

NOTES TO THE ACCOUNTS

Period ended 31 December 2009

Cash flow statement

Under the provisions of Financial Reporting Standard No 1 (revised 1996) the company is exempt from the requirement to prepare a cash flow statement since it qualifies as a small company

2. Turnover

The turnover, all of which arises in the United Kingdom, is attributable to the provision of the facilities management element of the contract

3. Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after charging

	2009 £	2008 £
Auditors' remuneration – audit services	7,850	7,500
- tax services	5,000	5,000
	<u>12,850</u>	<u>12,500</u>

The above audit fee includes £2,000 in respect of the audit of the parent company.

4. Staff numbers and costs

The company had no employees during the period and the directors received no emoluments for their services

5. Interest receivable and similar income

	2009 £	2008 £
Bank interest	22,135	57,817
Finance interest	3,395,802	2,236,828
	<u>3,417,937</u>	<u>2,294,645</u>

Partners For Improvement in Camden Limited

NOTES TO THE ACCOUNTS

Period ended 31 December 2009

6. Interest payable and similar charges

	2009 £	2008 £
Bank loans, overdrafts and other loans	2,532,575	1,576,928
Interest payable to parent company	902,028	797,146
Other finance charges	86,697	162,663
	<u>3,521,300</u>	<u>2,536,737</u>

7. Tax on profit/loss on ordinary activities

Analysis of tax charge on ordinary activities	2009 £	2008 £
U.K. corporation tax at 28% based on profit for the period	<u>-</u>	<u>-</u>

Factors affecting tax charge for the current year

The tax assessed for the year is lower than that resulting from applying the standard rate of corporation tax in the UK. The differences are explained below

	2009 £	2008 £
Profit on ordinary activities before tax	<u>99,985</u>	<u>(48,995)</u>
Tax at 28% thereon	27,996	(13,719)
Effects of:		
- expenses not deductible for tax purposes	-	-
- tax losses (utilised)/not recognised	<u>(27,996)</u>	<u>13,719</u>
Current tax charge for the year	<u>-</u>	<u>-</u>

The company has tax losses available to offset against future trading profits of £611,822 (2008:£711,807). The company therefore has an unrecognised deferred tax asset of £171,310 (2008:£199,306). The directors are of the opinion that there is insufficient evidence to demonstrate that the asset will be recovered

Partners For Improvement in Camden Limited

NOTES TO THE ACCOUNTS

Period ended 31 December 2009

8. Debtors

Debtors due within one year.

	2009 £	2008 £
Other debtors	25,660	237,368
Prepayments and accrued income	980,410	906,026
	<u>1,006,070</u>	<u>1,143,394</u>

Debtors due after one year.

	2009 £	2008 £
Finance debtors (see note 9)	61,338,740	53,319,769
Prepayments and accrued income	389,700	434,841
	<u>61,728,440</u>	<u>53,754,610</u>
Total debtors	<u>62,734,510</u>	<u>54,898,004</u>

9. Analysis of the finance debtor

The movement in finance debtor balance can be considered as follows:

	2009 £	2008 £
Opening debtor	53,319,769	30,950,060
Additions to the finance debtor in the period	11,672,551	24,644,243
Capital element of payments received in the period	(3,653,580)	(2,274,534)
Total finance debtor	<u>61,338,740</u>	<u>53,319,769</u>

In accordance with FRS 5 Application Note F, the finance debtor is recorded as the refurbishment works related expenditure incurred. The asset is reduced using a property specific rate of return which the directors consider appropriate for the asset, as payments are received in the form of a unitary charge from the London Borough of Camden. The gross earnings in respect of the finance debtor are allocated to give a constant periodic rate of return on the company's net cash investment.

Partners For Improvement in Camden Limited

NOTES TO THE ACCOUNTS

Period ended 31 December 2009

10.Creditors: amounts falling due within one year

	2009 £	2008 £
Other creditors	16,803,442	14,227,711
Accruals and deferred income	563,986	1,933,215
Term Facility	1,114,000	-
	<u>18,481,428</u>	<u>16,160,926</u>

Other creditors include interest on retentions due to the main contractor which becomes due in 2010

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

	2009 £	2008 £
Term Facility	40,511,183	35,175,183
Amounts owed to the parent company	7,622,338	6,720,310
Other Creditors	220,601	158,381
	<u>48,354,122</u>	<u>42,053,874</u>
Due between two and five years	16,518,919	158,381
Due after more than five years	31,835,203	41,895,493
	<u>48,354,122</u>	<u>42,053,874</u>

The amounts owed to the parent company represent an unsecured subordinated debt from the parent company, PFI Camden (Holdings) Ltd. Interest is charged at a fixed rate of 13% per annum. Payments of interest and principal in respect of this debt are conditional on satisfaction of conditions specified in the loan agreement with the parent company.

The term facility is provided by the Bank of Scotland. The debt is secured and interest is charged at a variable rate and is subject to an interest rate swap to secure expenditure. The term facility is repayable by 31 03 2020.

The other creditors are vandalism reserves of which the balance will be due at the end of the contracted period.

Partners For Improvement in Camden Limited

NOTES TO THE ACCOUNTS

Period ended 31 December 2009

12. Called Up Share Capital

	2009 £	2008 £
Authorised:		
1,000 ordinary shares of £1 each	1,000	1,000
	<u>1,000</u>	<u>1,000</u>
Called up, allotted and fully paid		
1,000 ordinary shares of £1 each	1,000	1,000
	<u>1,000</u>	<u>1,000</u>

13. Reserves

	Profit & Loss A/c
As at 1 January 2009	(713,949)
Profit for the financial year	99,985
	<u>(613,964)</u>
As at 31 December 2009	<u>(613,964)</u>

14. Reconciliation of movement in shareholders' funds/(deficit)

	2009 £	2008 £
Profit/(Loss) for the period	99,985	(48,995)
Net increase in shareholders' funds	99,985	(48,995)
Opening shareholders' deficit	(712,948)	(663,953)
Closing shareholders' deficit	<u>(612,964)</u>	<u>(712,948)</u>

Partners For Improvement in Camden Limited

NOTES TO THE ACCOUNTS

Period ended 31 December 2009

15. Related party disclosures

The heating services contract (which includes maintenance and planned boiler replacement) has been subcontracted to United House Ltd. United House Solutions Ltd, which is a 50% shareholder of PFI Camden (Holdings) Ltd, and United House Limited, are both indirectly wholly owned by United House Group Limited. The value of this 15 year contract is £3,477,106 and the amount invoiced to date to 31 December 2009 is £728,475. At 31 December 2009 the company owed United House Limited £13,552.

The Lloyds Banking Group plc, the ultimate parent company of BOS Infrastructure (No 3) Ltd which is a 50% shareholder of PFI Camden (Holdings) Ltd is providing the senior debt and a working capital facility to Partners For Improvement in Camden Ltd. The value of senior debt facility is £43,050,000 and the standby facility is £1,250,000. The amounts that have been drawn down to 31 December 2009 are £41,625,183.

PFI Camden (Holdings) Ltd, the parent company, is providing a subordinated debt facility to Partners For Improvement in Camden Ltd. The value of the facility is £4,800,000 and the whole amount has been drawn down to 31 December 2009. The interest on the loan to date of £2,822,338 has not been paid over and has been rolled up into the total amount due to the parent company at 31 December 2009 of £7,622,338.

16. Ultimate parent company

The Company is a wholly owned subsidiary undertaking of PFI Camden (Holdings) Ltd, a company incorporated in England. The smallest and largest group in which Partners For Improvement in Camden Limited is included is that headed by PFI Camden (Holdings) Ltd. Consolidated accounts have not been prepared for the current period as the group is exempt as it is classified as small under the provisions of the Companies Act 2006. The accounts of PFI Camden (Holdings) Ltd are available to the public and may be obtained from Registered Office, detailed on page 1.

United House Solutions Ltd owns 50% and BOS Infrastructure (No 3) Ltd owns 50% of the share capital of PFI Camden (Holdings) Ltd.