

**Registered in England No: 4365057**

**INVESTORS IN THE COMMUNITY (BEXLEY SCHOOLS)  
LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2011**

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# **Investors in the Community (Bexley Schools) Limited**

## **Contents**

Directors' report	3
Statement of directors' responsibilities in respect of the directors' report and the financial statements	6
Independent auditor's report to the members of Investors in the Community (Bexley Schools) Limited	7
Profit and loss account	9
Balance sheet	10
Cash flow statement	11
Notes to the financial statements	12

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# **Investors in the Community (Bexley Schools) Limited**

## **Directors' report for the year ended 30 June 2011**

The directors present their report and the audited financial statements of the company for the year ended 30 June 2011.

### **Principal activity and business review**

The principal activity of the company is the design, construction and facilities management operation of two schools under a private finance initiative ("PFI") with the London Borough of Bexley.

The construction works were completed on Welling School and Bexleyheath School in May 2005 and October 2005 respectively and full operational services commenced thereafter

The directors have reviewed the activities of the business for the year and the position as at 30 June 2011 and consider them to be satisfactory

### **Results and dividends**

The trading results for the year under review and the company's financial position at 30 June 2011 are shown in the attached financial statements. The company has made a profit during the year of £104,875 (2010 £191,731) and the shareholders' funds at 30 June 2011 show a deficit of £1,078,975 (2010 £1,183,850)

The directors do not recommend the payment of a dividend for the year ended 30 June 2011 (2010 £nil)

### **Going concern**

The shareholders funds at 30 June 2011 show a deficit of £1,078,975 (2010 £1,183,850). This arises from the early phase in the company's 25 year concession period. The company has a secured bank facility that will enable it to continue trading for the life of the concession period. The company is not in breach of its covenant terms. The directors have reviewed the forecast and believe that the financial position will strengthen in the future and therefore consider that it is appropriate to prepare these financial statements on a going concern basis.

### **Political and charitable contributions**

The company made no political or charitable donations or incurred any political expenditure during the year (2010 £nil)

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# **Investors in the Community (Bexley Schools) Limited**

## **Directors' report for the year ended 30 June 2011 (*continued*)**

### **Directors and their interests in shares of the company**

The directors of the company who held office during the year and to the date of this report are listed below

#### **Name**

D F Lmdesay

T B Symes

None of the directors held any disclosable beneficial interests in the company at 30 June 2011 (2010: £nil), or at any time during the year

### **Key performance indicators**

The company's management produce comparisons of actual cash flows against forecast cash flows from the finance model and analyse any fluctuations. Management accounts are also produced to compare actual with budgeted performance.

The directors believe that there are no other key performance indicators that require disclosure for an understanding of the development, performance or position of the business.

### **Principal risks and uncertainties**

The company's revenue is based on a fixed price contract, subject to adjustments for retail price index increases. Therefore, profit margins are susceptible to inflation rate fluctuations. In order to manage this risk, the company has ensured that costs are fixed wherever possible. In addition, under the terms of the contracts with sub-contractor, certain costs will be periodically reviewed, usually by means of benchmarking, with possibilities of price reductions being agreed in the future. In addition, in most cases, contractual costs will be subject to retail price index increases.

The design, construction and facility management operations of the schools are subcontracted out. Significant risks are passed down to the key subcontractors within limits set out as liability caps. However, contractual default by these subcontractors or losses/deductions reaching the liability caps would transfer the risks back to the company.

Under the PFI project agreement with the London Borough of Bexley, any general change in law risk is transferred to the company. However, some risks are passed on to subcontractors. For example, during the construction phase this risk is passed down to building subcontractors and, during the services phase, this risk is transferred to the facility providers' subcontractors under the facilities management contract.

# Investors in the Community (Bexley Schools) Limited

## Directors' report for the year ended 30 June 2011 (*continued*)

### Disclosure of information to auditor

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 auditor is unaware, and each director has taken all the steps that he/ she ought to have taken as a director to make himself/ herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office

Registered office  
3 Tenterden Street  
London  
W1S 1TD

By Order of the Board

  
T B Symes  
Director

Approved by the directors on 9<sup>th</sup> Nov 2011

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## **Investors in the Community (Bexley Schools) 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.

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# **Independent auditor's report to the members of Investors in the Community (Bexley Schools) Limited**

We have audited the financial statements of Investors in the Community (Bexley Schools) Limited for the year ended 30 June 2011 set out on pages 9 to 21. 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 auditor's 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 auditor**

As explained more fully in the directors' responsibilities statement set out on page 6, 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 (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/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm)

## **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 30 June 2011 and of its profit for the year then ended,
- 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 auditor's report to the members of Investors in the Community (Bexley Schools) 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



**Andrew Marshall (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountant  
15 Canada Square  
London  
E14 5GL  
United Kingdom

2011

11 November

# Investors in the Community (Bexley Schools) Limited

## Profit and loss account for the year ended 30 June 2011

	Notes	2011 £	2010 £
Turnover	2	1,896,499	1,477,402
Cost of sales		(1,481,755)	(962,405)
Gross profit		414,744	514,997
Administrative expenses		(242,728)	(212,438)
Operating profit	3	172,016	302,559
Interest receivable	6	2,060,289	2,095,985
Interest payable and similar charges	7	(2,045,292)	(2,132,252)
Profit on ordinary activities before taxation		187,013	266,292
Tax on profit on ordinary activities	8	(82,138)	(74,561)
Profit for the financial year		104,875	191,731

All results are in respect of continuing activities

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

There are no differences between the amounts reported in the profit and loss account and their historical cost equivalents

The notes on pages 12 to 21 form part of these financial statements

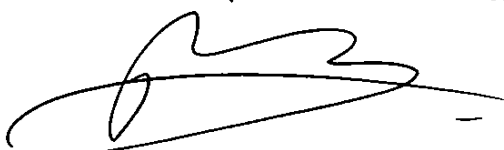
# Investors in the Community (Bexley Schools) Limited

## Balance sheet as at 30 June 2011

	Notes	2011 £	2010 £
<b>Non current assets</b>			
Debtors amounts falling due after one year	10	<u>29,365,841</u>	<u>30,215,108</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	10	<u>1,384,315</u>	<u>1,370,436</u>
Cash at bank	11	<u>2,484,752</u>	<u>2,188,312</u>
		<b>3,869,067</b>	<b>3,558,748</b>
<b>Creditors: amounts falling due within one year</b>	12	<u>(7,019,889)</u>	<u>(6,508,929)</u>
<b>Net current assets</b>		<b>(3,150,822)</b>	<b>(2,950,181)</b>
<b>Total assets less current liabilities</b>		<b>26,215,019</b>	<b>27,264,927</b>
<b>Creditors: amounts falling due after one year</b>	13	<u>(27,293,994)</u>	<u>(28,448,777)</u>
<b>Net liabilities</b>		<u><b>(1,078,975)</b></u>	<u><b>(1,183,850)</b></u>
<b>Capital and reserves</b>			
Called up share capital	14	<b>5,000</b>	<b>5,000</b>
Share premium reserve	15	<b>5,000</b>	<b>5,000</b>
Profit and loss account	16	<u>(1,088,975)</u>	<u>(1,193,850)</u>
<b>Equity shareholders' deficit</b>	17	<u><b>(1,078,975)</b></u>	<u><b>(1,183,850)</b></u>

The notes on pages 12 to 21 form part of these financial statements

These financial statements for Company Registration number 4365057 were approved by the board of directors on 9<sup>th</sup> November 2011 and signed on its behalf by



T B Symes  
Director

# Investors in the Community (Bexley Schools) Limited

## Cash flow statement for the year ended 30 June 2011

	2011 £	2011 £	2010 £	2010 £
<b>Reconciliation of operating profit to net cash from operating activities</b>				
Operating profit		172,016		302,559
Decrease in other debtors		2,093,365		1,517,345
Decrease in finance debtors		717,788		507,123
Increase in creditors		503,007		1,588,659
Decrease in provisions		-		(843,253)
<b>Net cash inflow from operating activities</b>		<b>3,486,176</b>		<b>3,072,433</b>

## Cash flow statement

<b>Net cash inflow from operating activities</b>	<b>3,486,176</b>	<b>3,072,433</b>
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## Returns on investments and servicing of finance

Interest received	3,291	3,130
Bank fees paid	(25,570)	-
Interest paid	(2,009,645)	(2,136,681)
<b>Net cash outflow from returns on investments and servicing of finance</b>	<b>(2,031,924)</b>	<b>(2,133,551)</b>
<b>Corporation taxation</b>	<b>(876)</b>	<b>(7,514)</b>
<b>Cash inflow before financing</b>	<b>1,453,376</b>	<b>931,368</b>
<b>Financing</b>		
Increase in loan stock	-	(174,171)
Repayment of bank loans	(1,093,490)	(1,028,081)
Repayment of loan stock	(63,446)	-
	<b>(1,156,936)</b>	<b>(1,202,252)</b>
<b>Increase/(decrease) in cash in the year</b>	<b>296,440</b>	<b>(270,884)</b>

## Reconciliation of net cash flow to movement in net debt

Increase/(decrease) in cash in the year	Note 18	296,440	(270,884)
Decrease in debt during the year		1,156,936	1,202,252
<b>Change in net debt resulting from cashflows</b>		<b>1,453,376</b>	<b>931,368</b>
Non-cash flows		(22,540)	(22,540)
Net debt at beginning of year		(27,380,603)	(28,289,431)
<b>Net debt at end of year</b>	Note 18	<b>(25,949,767)</b>	<b>(27,380,603)</b>

The notes on pages 12 to 21 form part of these financial statements

# **Investors in the Community (Bexley Schools) Limited**

## **Notes to the financial statements for the year ended 30 June 2011**

### **1. Accounting policies**

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

#### **Basis of preparation**

These financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with applicable UK accounting standards, the Companies Act 2006 and the accounting policies set out below

#### **Going concern**

The shareholders funds at 30 June 2011 show a deficit of £1,078,975 (2010 £1,183,850). This arises from the early phase in the company's 25 year concession period. The company has a secured bank facility that will enable it to continue trading for the concession period (refer to note 13). The company is not in breach of its covenant terms. The directors have reviewed the forecast and believe that the financial position will strengthen in the future and therefore consider that it is appropriate to prepare these financial statements on a going concern basis.

#### **Turnover**

All turnover and profit on ordinary activities before taxation originates in the UK. Turnover is recognised in accordance with the finance debtor and long term contracts accounting policy below.

#### **Amounts recoverable on contract**

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 London Borough of Bexley. As such, all construction costs incurred on the project, including incidental costs, are recorded as construction work in progress during the construction phase of the project. Costs are recognised as cost of sales to the extent they relate to the value of the work done in respect of turnover recognised.

On practical completion date, the amounts outstanding under the contract have been transferred from amounts recoverable on contracts into finance debtor.

#### **Finance debtor**

During the construction phase of the project, all attributable expenditure is included in amounts recoverable on contracts and turnover. Upon becoming operational, the costs are transferred to the finance debtor. During the operational phase income is allocated between interest receivable and the finance debtor using a project specific interest rate. The remainder of the PFI unitary charge income is included within turnover in accordance with FRS 5 Application Note G. The company recognises income in respect of service provided as it fulfils its contractual obligation in respect of these services and in line with fair value of consideration receivable in respect of these services.

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# **Investors in the Community (Bexley Schools) Limited**

## **Notes to the financial statements for the year ended 30 June 2011 (*continued*)**

### **1. Accounting policies (*continued*)**

#### **Long term contracts**

The amount of profit attributable to the stage of completion of a long-term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at the cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. Provision is made for any losses as soon as they are foreseen.

Contract work in progress is stated at costs incurred, less those transferred to the profit and loss account, after deducting foreseeable losses and payments on account not matched with turnover. Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account.

#### **Interest**

Interest costs are expensed to profit and loss account when incurred.

#### **Loan issue costs**

Cost associated with the issue of loans are capitalised and netted off against the loan amount in the balance sheet. The finance cost of debt is allocated to periods over the term of the debt at a constant rate on the carrying amount.

#### **Taxation**

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

#### **Cash**

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

# Investors in the Community (Bexley Schools) Limited

## Notes to the financial statements for the year ended 30 June 2011 (*continued*)

### 2. Analysis of turnover

	2011 £	2010 £
Services income	1,783,480	1,401,108
Other income	113,019	76,294
	<u>1,896,499</u>	<u>1,477,402</u>

All turnover originates in the United Kingdom

Turnover is recognised in accordance with the finance debtor and long term contracts accounting policies as above and excludes VAT

### 3. Operating profit

Operating profit is stated after charging

	2011 £	2010 £
Auditor's remuneration		
- for the statutory audit of the company	12,480	14,750
- taxation services	5,190	5,125
	<u>17,670</u>	<u>19,875</u>

### 4. Directors' remuneration

The directors received £30,606 (£2010 £28,473) in respect of their services to the company during the year

### 5. Particulars of employees

The company had no employees during the year (2010 no employees)

### 6. Interest receivable

	2011 £	2010 £
Finance debtor interest	2,056,998	2,092,855
Bank interest	3,291	3,130
	<u>2,060,289</u>	<u>2,095,985</u>

# Investors in the Community (Bexley Schools) Limited

## Notes to the financial statements

For the year ended 30 June 2011 (*continued*)

### 7. Interest payable and similar charges

	2011	2010
	£	£
Bank loans interest	1,635,826	1,722,162
Loan stock interest	372,455	387,550
Bank fees payable	14,471	-
Amortisation of issue costs	22,540	22,540
	<u>2,045,292</u>	<u>2,132,252</u>

### 8. Tax on profit on ordinary activities

	2011	2010
	£	£
<b>(a) Tax on profit on ordinary activities</b>		
<b>Current tax</b>		
United Kingdom corporation tax	905	876
<b>Deferred tax</b>		
Deferred taxation (refer to note 9)	81,233	73,685
Tax on profit on ordinary activities	<u>82,138</u>	<u>74,561</u>

#### (b) Factors affecting the tax charge for the current period

Current tax reconciliation	2011	2010
	£	£
Profit on ordinary activities before tax	187,013	266,292
Current tax at 27.5% (2010: 28%)	51,431	74,562
Effects of		
Utilisation of tax losses and other deductions	(50,526)	(73,686)
Total current tax charge	<u>905</u>	<u>876</u>

# Investors in the Community (Bexley Schools) Limited

## Notes to the financial statements

### For the year ended 30 June 2011 (*continued*)

#### 8. Tax on profit on ordinary activities (*continued*)

On 23 March 2011 the Chancellor announced the reduction in the main rate of UK corporation tax to 26 per cent with effect from 1 April 2011. This change became substantively enacted on 29 March 2011 and therefore the effect of the rate reduction creates a reduction in the deferred tax asset which has been included in the figures above.

#### (c) Factors that may affect future tax charges

The Chancellor also proposed changes to further reduce the main rate of corporation tax by one per cent per annum to 23 per cent by 1 April 2014, but these changes have not yet been substantively enacted and therefore are not included in the figures above. The overall effect of the further reductions from 26 per cent to 23 per cent, if these applied to the deferred tax balance at 30 June 2011, would be to further reduce the deferred tax asset by approximately £44,685

#### 9. Deferred taxation

	2011 £	2010 £
Asset at beginning of year	468,504	542,189
Charged in year	(81,233)	(73,685)
Asset at end of year	<u>387,271</u>	<u>468,504</u>

#### Movement in provision

Origination and reversal of timing differences	47,768
Effect of tax rate change on opening balance	33,465
	<u>81,233</u>

The deferred tax asset relates to losses and other deductions and has been included in debtors (refer to note 10). There is no unprovided deferred tax

# Investors in the Community (Bexley Schools) Limited

## Notes to the financial statements

For the year ended 30 June 2011 (*continued*)

### 10. Debtors

	2011 £	2010 £
<b>Amounts falling due within one year:</b>		
Trade debtors	604,684	574,655
Prepayments and accrued income	15,754	82,150
Finance debtor	763,877	713,631
	<u>1,384,315</u>	<u>1,370,436</u>
<b>Amounts falling due after one year:</b>		
Finance debtor	28,978,570	29,746,604
Deferred tax	387,271	468,504
	<u>29,365,841</u>	<u>30,215,108</u>

### 11. Cash at bank

	2011 £	2010 £
Restricted cash balances	1,409,582	1,314,764
Non-restricted cash balances	1,075,170	873,548
	<u>2,484,752</u>	<u>2,188,312</u>

Of the restricted cash balances, £211,508 (2010 £368,355) is held with HBOS plc and £1,198,074 (2010 £946,409) with Nationwide Building Society. Withdrawals from these bank accounts are restricted to items set out in the Credit Agreement with Nationwide Building Society and the company must satisfy certain requirements before being permitted to withdraw any amounts from these bank accounts.

# Investors in the Community (Bexley Schools) Limited

## Notes to the financial statements

For the year ended 30 June 2011 (*continued*)

### 12. Creditors: amounts falling due within one year

	2011	2010
	£	£
Term loan	1,163,065	1,093,490
Loan stock	-	49,188
Trade creditors	17,730	377,765
Amounts due to group undertakings	9,051	4
Corporation tax creditor	905	876
Other creditors	211,431	179,157
Withholding tax	2,968	-
Accruals and deferred income	5,637,279	4,830,989
	<u>7,042,429</u>	<u>6,531,469</u>
Issue costs	(22,540)	(22,540)
	<u>7,019,889</u>	<u>6,508,929</u>

### 13. Creditors: amounts falling due after one year

	2011	2010
	£	£
Term loan	24,785,520	25,948,585
Loan stock	2,874,747	2,889,005
	<u>27,660,267</u>	<u>28,837,590</u>
Issue costs	(366,273)	(388,813)
	<u>27,293,994</u>	<u>28,448,777</u>

# Investors in the Community (Bexley Schools) Limited

## Notes to the financial statements

### For the year ended 30 June 2011 (*continued*)

#### 13. Creditors: amounts falling due after one year (*continued*)

The company has undrawn committed borrowing facilities of £500,000 (2010 £500,000) expiring 1 September 2028 on the risk capital facility, and £1,384,248 (2010 £1,384,248) expiring on 1 September 2028 on the debt service reserve facility.

The term loan has a fixed interest rate of 5.34% plus a margin of 0.9%

The term loan is secured, in favour of Nationwide Building Society, with fixed and floating charges over the company and all of its property and assets, present and future, including goodwill, book debts, uncalled capital, buildings, fixtures, and fixed plant and machinery. There is also a legal mortgage of shares in the company owned by all shareholders in favour of Nationwide Building Society as security for the payment of all obligations and liabilities owed by the company to Nationwide.

On 15 October 2010 Skanska Infrastructure Investment UK Limited sold their 50% interest in the loanstock, including the legal mortgage of shares to IIC Halifax HNA Limited, a company registered in the British Virgin Islands. The interest coupon and payment terms of the loan stock remain unchanged.

The loan stock is subscribed for by IIC Halifax HNA Limited. The loan stock had an interest rate of 5.8% during the construction stage of the project, this increased to 12.86% once the project became operational. The loan stock owed by the company to IIC Halifax HNA Limited under the Loan Note Instrument and the Subscription Agreement are secured by way of a second ranking legal mortgage of shares in the company.

	2011 £	2010 £
<b>Debt can be analysed as falling due as follows:</b>		
In one year or less	1,163,065	1,142,678
Between one and two years	1,204,201	1,163,065
Between two and five years	3,789,978	3,664,037
In five years or more	22,666,088	24,010,488
	<b>28,823,332</b>	<b>29,980,268</b>
Issue costs	(388,813)	(411,353)
	<b>28,434,519</b>	<b>29,568,915</b>

#### 14. Share capital

Allotted, called up and fully paid:		2011		2010
	Number	£	Number	£
Ordinary shares of £0.50 each	10,000	5,000	10,000	5,000

The company's share capital is divided between 3,800 "A" Ordinary shares, 1,100 "B" Ordinary shares, 100 "C" Ordinary shares and 5,000 "D" Ordinary shares. All these shares rank *pari passu* to each other.

# Investors in the Community (Bexley Schools) Limited

## Notes to the financial statements For the year ended 30 June 2011 *(continued)*

### 15. Share premium reserve

	2011 £	2010 £
At the beginning and end of the year	5,000	5,000

### 16. Profit and loss account

	2011 £	2010 £
Retained loss brought forward	(1,193,850)	(1,385,581)
Profit for the financial year	104,875	191,731
Retained loss carried forward	(1,088,975)	(1,193,850)

### 17. Reconciliation of movements in shareholders' deficit

	2011 £	2010 £
Opening shareholders' deficit	(1,183,850)	(1,375,581)
Profit for the financial year	104,875	191,731
Closing shareholders' deficit	(1,078,975)	(1,183,850)

### 18. Analysis of net debt

	2010 £	Cash flows £	Non-cash flows £	2011 £
Cash in hand and at bank	2,188,312	296,440	-	2,484,752
Debt falling due within one year	(1,142,678)	(20,387)	-	(1,163,065)
Debt falling due after one year	(28,837,590)	1,177,323	-	(27,660,267)
Loan issue costs	411,353	-	(22,540)	388,813
	(27,380,603)	1,453,376	(22,540)	(25,949,767)

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# **Investors in the Community (Bexley Schools) Limited**

## **Notes to the financial statements**

### **For the year ended 30 June 2011 (*continued*)**

#### **19. Related party transactions**

The Company, a wholly owned subsidiary of Investors in the Community LP, has taken advantage of the exemption, under the terms of the Financial Reporting Standard 8, from disclosing related party transactions with entities that are part of the group headed by Investors in the Community LP. The consolidated financial statements of this group are available to the public and may be obtained from the Company Secretary, 3 Tenterden Street, London, W1S 1TD.

On 15 October 2010 Skanska Infrastructure Investment UK Limited sold their 50% interest in the loan stock of the Company, including the legal mortgage of shares to IIC Halifax HNA Limited, a company registered in the British Virgin Islands. The loan stock is subscribed for by IIC Halifax HNA Limited. IIC Halifax HNA Limited is a wholly owned subsidiary of Investors in the Community LP.

During the year ended 30 June 2011, the Company paid £1,516,718 to Skanska Infrastructure Investment UK Limited in respect of outstanding loan stock interest and capital.

There were no other related party transactions entered into by the Company during the year. At the balance sheet date the Company had no commitments or contingent liabilities (2010: nil).

#### **20. Ultimate controlling party**

The Directors regard IICF GP Limited, the general partner of the English limited partnership Investors in the Community LP, as the ultimate controlling parent entity.

The head of the largest and smallest group for which consolidated financial statements are prepared and of which the Company is a member is Investors in the Community LP. The consolidated financial statements of this group are available to the public and may be obtained from the Company Secretary, 3 Tenterden Street, London, W1S 1TD.