

**Robertson Education (Ingleby Barwick)
Limited**

Annual Report and Financial Statements

For the Year Ended 31 December 2013

Registered Number 04375068

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Robertson Education (Ingleby Barwick) Limited

Financial Statements

Year Ended 31 December 2013

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Robertson Education (Ingleby Barwick) Limited

Company Information

The Board of Directors	BIIF Corporate Services Limited John 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	Lloyds TSB Bank Plc 71 Lombard Street London EC3P 3BS
Solicitors	Maclay Murray & Spens LLP Quatermile One 15 Lauriston Place Edinburgh EH3 9EP

Robertson Education (Ingleby Barwick) Limited

Directors' Report

Year Ended 31 December 2013

The directors present their report and the financial statements of the Company for the year ended 31 December 2013

Principal Activities and Business Review

The principal activities of the company are the design, build, finance, operation and maintenance of two new schools and a public library at Ingleby Barwick, Stockton-on-Tees, through an agreement with Stockton-on-Tees Borough Council and the Temporary Governing Body of All Saints Voluntary Aided Church of England Secondary School. The agreement was entered into under the Government's Private Finance Initiative Scheme.

Results and Dividends

The profit for the year, after taxation, amounted to £264,772 (2012 profit £247,157). Particulars of dividends paid are detailed in note 8 to the financial statements.

The result for the year will be transferred to reserves.

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 on a group 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 group loan agreement.

Financial Instruments

Details of the Company's financial risk management objectives and policies are included in note 14 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.

Robertson Education (Ingleby Barwick) Limited

Directors' Report *(continued)*

Year Ended 31 December 2013

Auditor

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

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. Parker', with a horizontal line underneath.

Infrastructure Managers Limited
Company Secretary

Approved by the directors on 29/4/14

Robertson Education (Ingleby Barwick) Limited

Statement of Directors' Responsibilities

Year Ended 31 December 2013

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,
- 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 29/4/14 and signed on its behalf by



John Cavill

Robertson Education (Ingleby Barwick) Limited

Independent auditors' report to the members of Robertson Education (Ingleby Barwick) Limited

Report on the financial statements

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 December 2013 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

Financial statements

The financial statements, which are prepared by Robertson Education (Ingleby Barwick) Limited, comprise

- the balance sheet as at 31 December 2013,
- 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 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

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

Robertson Education (Ingleby Barwick) Limited

Independent auditors' report to the members of Robertson Education (Ingleby Barwick) Limited (continued)

Other matters on which we are required to report by exception

As required by section 498 of the Companies Act 2006, we have no information and no 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

As required by section 498 of the Companies Act 2006, we have no information and no explanations received.

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

As required by section 498 of the Companies Act 2006, we have no information and no explanations received.

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 are those of the auditor.

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



Martin Cowie (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh

24 April 2014

Robertson Education (Ingleby Barwick) Limited

Profit and Loss Account

Year Ended 31 December 2013

	Note	2013 £	2012 £
Turnover	2	934,771	897,684
Cost of sales		(453,832)	(429,051)
Gross profit		480,939	468,633
Administrative expenses		(120,413)	(122,623)
Operating profit	3	360,526	346,010
Interest receivable	5	539,293	562,616
Interest payable and similar charges	6	(612,395)	(592,332)
Profit on ordinary activities before taxation		287,424	316,294
Tax on profit on ordinary activities	7	(22,652)	(69,137)
Profit for the financial year		264,772	247,157

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

Robertson Education (Ingleby Barwick) Limited

Balance Sheet

As at 31 December 2013

	Note	2013 £	2012 £
Current assets			
Debtors due within one year	9	523,550	718,654
Debtors due after one year	9	7,431,152	7,677,330
Cash at bank		2,437,318	1,953,786
		<u>10,392,020</u>	<u>10,349,770</u>
Creditors: Amounts falling due within one year	10	<u>(2,087,807)</u>	<u>(1,838,228)</u>
Net current assets		<u>8,304,213</u>	<u>8,511,542</u>
Total assets less current liabilities		<u>8,304,213</u>	<u>8,511,542</u>
Creditors: Amounts falling due after more than one year	11	(7,149,561)	(7,455,454)
Provisions for liabilities			
Deferred taxation	13	(459,383)	(436,731)
Net assets		<u>695,269</u>	<u>619,357</u>
Capital and reserves			
Share capital	15	1,000	1,000
Share premium account	16	99,000	99,000
Profit and loss account	17	595,269	519,357
Equity shareholders' funds	18	<u>695,269</u>	<u>619,357</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 29/4/14, and are signed on their behalf by

John Cavill

Company Registration Number 04375068



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

Robertson Education (Ingleby Barwick) Limited

Notes to the Financial Statements

Year Ended 31 December 2013

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 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 FRS 1.

Turnover

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

Deferred taxation

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

Financial Instruments

The company uses derivative financial instruments to reduce exposure to interest rate movements. Receipts and payments on interest rate instruments are recognised on an accruals basis over the life of the instrument. The company does not hold or issue derivative financial instruments for speculative purposes.

Robertson Education (Ingleby Barwick) Limited

Notes to the Financial Statements

Year Ended 31 December 2013

1. Accounting policies *(continued)*

Accounting for PFI assets

The unitary charge is the turnover of the Company which is received from the provision of a PFI asset to the customer and is received over the life of the concession period. Where the unitary charge is separable, the provisions of SSAP 21 (lease accounting) have been applied. In this case the property element is treated as a finance debtor representing the discounted expected future unitary charge receipts from the relevant project for the property. Where the unitary charge is non-separable and substantially all the risks and rewards of ownership remain with the Group, the asset is accounted for as a fixed asset. In the majority of cases the directors consider that the risks and rewards remain with the Group, and thus the costs of construction are included as fixed assets.

Costs incurred in the construction of subsidiaries' assets have been accounted for under FRS 5 Application Note F.

Finance debtor

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 asset have been treated as a finance debtor within these financial statements.

Management service income is allocated between turnover and reimbursement of finance debtor so as to generate a constant rate of return in respect of the finance debtor over the life of the contract. Turnover represents the income allocated to the services provided as part of the overall project.

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.

2. Turnover

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

	2013	2012
	£	£
United Kingdom	<u>934,771</u>	<u>897,684</u>

Robertson Education (Ingleby Barwick) Limited

Notes to the Financial Statements

Year Ended 31 December 2013

3. Operating profit

Operating profit is stated after charging

	2013 £	2012 £
Auditors' remuneration - as auditor	<u>10,567</u>	<u>10,269</u>

4. Particulars of employees and directors

The Directors did not receive any remuneration from the Company during the year (2012 £nil)
There were no employees in the financial year other than the directors (2012 nil)

5. Interest receivable

	2013 £	2012 £
Bank interest receivable	5,785	6,419
Interest receivable on finance debtor	<u>533,508</u>	<u>556,197</u>
	<u>539,293</u>	<u>562,616</u>

6. Interest payable and similar charges

	2013 £	2012 £
Interest payable on bank borrowing	439,530	420,163
Interest on other loans	168,437	167,741
Amortisation of loan issue costs	<u>4,428</u>	<u>4,428</u>
	<u>612,395</u>	<u>592,332</u>

7. Taxation on ordinary activities

(a) Analysis of charge in the year

	2013 £	2012 £
Deferred tax		
Origination and reversal of timing differences	<u>22,652</u>	<u>69,137</u>

Robertson Education (Ingleby Barwick) Limited

Notes to the Financial Statements

Year Ended 31 December 2013

7. Taxation on ordinary activities *(continued)*

(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 23.25% (2012 - 24.50%)

	2013 £	2012 £
Profit on ordinary activities before taxation	287,424	316,294
Profit on ordinary activities by rate of tax	66,816	77,483
Expenses not deductible for tax purposes	25,725	27,478
Capital allowances for year (in excess of) / less than depreciation	31,378	24,957
Utilisation of tax losses	(108,487)	(113,655)
Movement in temporary differences	(15,432)	(16,263)
Total current tax (note 7(a))	-	-

(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%

This change has reduced the deferred tax liability at the balance sheet date, and so has increased the profit in the year, by £68,907

8. Dividends

Equity dividends

	2013 £	2012 £
Paid during the year		
Interim dividend of £1.89 per share (2012: nil)	188,860	-

9. Debtors

	2013 £	2012 £
Trade debtors	213,171	242,942
Amounts owed by group undertakings	-	101,103
Finance debtor	7,700,345	7,975,528
Other debtors	19,520	14,534
Prepayments and accrued income	21,666	61,877
	7,954,702	8,395,984

Robertson Education (Ingleby Barwick) Limited

Notes to the Financial Statements

Year Ended 31 December 2013

9. Debtors *(continued)*

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

	2013	2012
	£	£
Finance Debtor	<u>7,431,152</u>	<u>7,677,330</u>

The amounts owed by group undertakings bear no interest and are repayable on demand

Finance debtor

The movement in the finance debtor is analysed as follows

	2013	2012
	£	£
Balance as at 1 January 2013	7,975,528	8,254,452
Repayments received	(275,183)	(278,924)
Balance at 31 December 2013	<u>7,700,345</u>	<u>7,975,528</u>

10. Creditors: Amounts falling due within one year

	2013	2012
	£	£
Bank loans	305,894	291,408
Trade creditors	130,962	59,228
Amounts owed to group undertakings	33,092	33,092
Other taxation	61,768	65,393
Other creditors	1,507,878	1,362,054
Accruals and deferred income	48,213	27,053
	<u>2,087,807</u>	<u>1,838,228</u>

See note 11 for amounts owed to group undertakings

Robertson Education (Ingleby Barwick) Limited

Notes to the Financial Statements

Year Ended 31 December 2013

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

	2013	2012
	£	£
Bank loans	5,951,296	6,257,189
Amounts owed to group undertakings	1,198,265	1,198,265
	<u>7,149,561</u>	<u>7,455,454</u>

The Company has a term loan with Lloyds TSB secured by a fixed and floating charge over the assets and undertakings of the Company and its parent company. The loan bears interest at 5.84% per annum under a swap agreement entered into by the Company. The SWAP rate is fixed for the duration of the term loan. The term loan is repayable in quarterly instalments which commenced 20 March 2004. The final repayment is due 20 March 2026.

Amounts owed to group undertakings relates to subordinate debt provided by the immediate parent company. The loan bears interest at 14% and is repayable in 2028. Amounts due within one year relate to interest unpaid at the year end.

12. Creditors - capital instruments

Creditors include loans which are due for repayment as follows

	2013	2012
	£	£
Amounts repayable		
In one year or less or on demand	305,894	291,408
In more than one year but not more than two years	330,338	305,894
In more than two years but not more than five years	1,201,057	1,089,698
In more than five years	5,618,166	6,059,862
	<u>7,455,455</u>	<u>7,746,862</u>

13. Deferred taxation

The movement in the deferred taxation provision during the year was

	2013	2012
	£	£
Provision brought forward	436,731	367,594
Profit and loss account movement arising during the year	22,652	69,137
Provision carried forward	<u>459,383</u>	<u>436,731</u>

Robertson Education (Ingleby Barwick) Limited

Notes to the Financial Statements

Year Ended 31 December 2013

13. Deferred taxation *(continued)*

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

	2013	2012
	£	£
Excess of taxation allowances over depreciation on fixed assets	865,365	1,026,215
Tax losses available	(216,068)	(355,814)
Other timing differences	(189,914)	(233,670)
	<u>459,383</u>	<u>436,731</u>

14. Financial risk management objectives and policies

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.

	2013		2012	
	Carrying amount	Fair value	Carrying amount	Fair value
	£	£	£	£
<i>Financial liabilities</i>				
Long term borrowing	(5,677,000)	(4,535,480)	(6,027,000)	(4,264,734)
Interest rate swap	—	(1,141,520)	—	(1,762,266)

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

Robertson Education (Ingleby Barwick) Limited

Notes to the Financial Statements

Year Ended 31 December 2013

15. Share capital

Allotted, called up and fully paid:

	2013		2012	
	No	£	No	£
Ordinary shares of £0.01 each	100,000	1,000	100,000	1,000

16. Share premium account

There was no movement on the share premium account during the financial year

17. Profit and loss account

	2013	2012
	£	£
Balance brought forward	519,357	272,200
Profit for the financial year	264,772	247,157
Equity dividends	(188,860)	—
Balance carried forward	595,269	519,357

18. Reconciliation of movements in shareholders' funds

	2013	2012
	£	£
Profit for the financial year	264,772	247,157
Equity dividends	(188,860)	—
Net addition to shareholders' funds	75,912	247,157
Opening shareholders' funds	619,357	372,200
Closing shareholders' funds	695,269	619,357

19. Related party disclosures

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

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

20. Ultimate parent company

The immediate parent company is Robertson Education (Ingleby Barwick) Holdings Limited

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