

**REGISTERED NUMBER: 05039067 (England and Wales)**

**Report of the Directors and  
Financial Statements  
for the Year Ended 31 December 2017  
for  
Derbyshire Schools Phase Two Limited**

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for the year ended 31 December 2017**

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**Derbyshire Schools Phase Two Limited**

**Company Information  
for the year ended 31 December 2017**

**DIRECTORS:**

G J Frost  
M J Gregory  
M A Anwer

**SECRETARY:**

A E Woods

**REGISTERED OFFICE:**

3 More London Riverside  
London  
SE1 2AQ

**REGISTERED NUMBER:**

05039067 (England and Wales)

**AUDITOR:**

Ernst & Young LLP  
Statutory Auditor  
London

**Derbyshire Schools Phase Two Limited (Registered number: 05039067)**

**Report of the Directors  
for the year ended 31 December 2017**

The directors present their report with the financial statements of the company for the year ended 31 December 2017.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of a general partner to Derbyshire Schools Phase Two Partnership. The limited partnership's principal activity during the year was the provision of design, construction and maintenance services including related financing arrangements for two schools under a 26 year PFI concession arrangement with Derbyshire County Council.

**REVIEW OF BUSINESS**

The profit for the financial year of £704,354 (2016: £658,037) has been transferred to reserves.

Both the level of business and the year end financial positions were in line with budgets and expectations.

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

**FUTURE DEVELOPMENTS**

The company will continue to act as general partner to Derbyshire Schools Phase Two Partnership.

**DIVIDENDS**

The directors decided to authorise the payment of a dividend of £516,460 (2016: £697,760).

**PRINCIPAL RISKS AND UNCERTAINTIES**

The principal risk affecting the company is the performance of Derbyshire Schools Phase Two Partnership on the basis that the company derives its revenue from this entity. The immediate risk to the company of the limited partnership under performing is a decline in revenues, and, longer term, the risk that the company cannot meet its liabilities as they fall due.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2017 to the date of this report.

G J Frost  
M J Gregory  
M A Anwer

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Report of the Directors 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 period. 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.


**Derbyshire Schools Phase Two Limited (Registered number: 05039067)**

**Report of the Directors  
for the year ended 31 December 2017**

**DISCLOSURE OF INFORMATION TO THE AUDITOR**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the company's auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

**ON BEHALF OF THE BOARD:**

  
.....  
M A Anwer - Director

Date: 27 April 2018  
.....

## **Independent Auditor's Report to the Members of Derbyshire Schools Phase Two Limited**

### **Opinion**

We have audited the financial statements of Derbyshire Schools Phase Two Limited for the year ended 31 December 2017 which comprise of the Balance Sheet, the Statement of comprehensive income, the Statement of changes in equity and the related notes 1 to 12, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2017 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.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Use of our report**

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.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report

We have nothing to report in respect of the following matters in relation to which 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.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 2 and 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

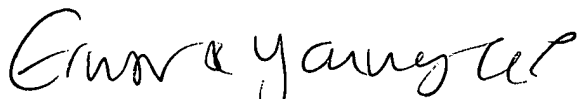
In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Independent Auditor's Report to the Members of  
Derbyshire Schools Phase Two Limited**

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.



Rebecca Turner (Senior Statutory Auditor)  
for and on behalf of Ernst & Young LLP  
Statutory Auditor  
London

Date: 17th April 2018

**Derbyshire Schools Phase Two Limited (Registered number: 05039067)**

**Statement of Comprehensive Income  
for the year ended 31 December 2017**

	Notes	2017 £	2016 £
<b>TURNOVER</b>		<u>-</u>	<u>-</u>
<b>OPERATING PROFIT</b>	3	-	-
Income from participating interests	4	<u>872,249</u>	<u>823,584</u>
<b>PROFIT BEFORE TAXATION</b>		872,249	823,584
Tax on profit	5	<u>(167,894)</u>	<u>(165,547)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		704,355	658,037
<b>OTHER COMPREHENSIVE INCOME</b>		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u><u>704,355</u></u>	<u><u>658,037</u></u>

The notes form part of these financial statements



**Derbyshire Schools Phase Two Limited (Registered number: 05039067)**

**Balance Sheet  
31 December 2017**

	Notes	2017 £	2016 £
<b>FIXED ASSETS</b>			
Investments	7	980	980
<b>CURRENT ASSETS</b>			
Debtors	8	2,666,457	2,530,305
<b>CREDITORS</b>			
Amounts falling due within one year	9	<u>(331,397)</u>	<u>(383,140)</u>
<b>NET CURRENT ASSETS</b>		<u>2,335,060</u>	<u>2,147,165</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>2,336,040</u>	<u>2,148,145</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10	1	1
Retained earnings	11	<u>2,336,039</u>	<u>2,148,144</u>
<b>SHAREHOLDERS' FUNDS</b>		<u>2,336,040</u>	<u>2,148,145</u>

The financial statements were approved by the Board of Directors on 17 April 2018 and were signed on its behalf by:



.....  
M J Gregory - Director

The notes form part of these financial statements

**Derbyshire Schools Phase Two Limited (Registered number: 05039067)**

**Statement of Changes in Equity  
for the year ended 31 December 2017**

	<b>Called up share capital £</b>	<b>Retained earnings £</b>	<b>Total equity £</b>
<b>Balance at 1 January 2016</b>	1	2,187,867	2,187,868
<b>Changes in equity</b>			
Dividends	-	(697,760)	(697,760)
Total comprehensive income	-	<u>658,037</u>	<u>658,037</u>
<b>Balance at 31 December 2016</b>	<u>1</u>	<u>2,148,144</u>	<u>2,148,145</u>
<b>Changes in equity</b>			
Dividends	-	(516,460)	(516,460)
Total comprehensive income	-	<u>704,355</u>	<u>704,355</u>
<b>Balance at 31 December 2017</b>	<u>1</u>	<u>2,336,039</u>	<u>2,336,040</u>

The notes form part of these financial statements

**Notes to the Financial Statements  
for the year ended 31 December 2017**

**1. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared under the historical cost convention and in accordance with UK Accounting Standards, and are presented in pound sterling which is the functional currency of the company.

**Statement of compliance**

Derbyshire Schools Phase Two Limited is a limited company incorporated in England. The Registered Office is 3 More London Riverside, London SE1 2AQ. The financial statements have been prepared in compliance with FRS 102 and the Companies Act 2006 for the year ended 31 December 2017.

**Financial Reporting Standard 102 - reduced disclosure exemptions**

The company is a qualifying entity as defined by FRS 102. Consequently, the company has taken advantage of the disclosure exemption set out in Section 1.12 not to prepare a statement of cashflows.

**Preparation of consolidated financial statements**

The financial statements contain information about Derbyshire Schools Phase Two Limited, as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of International Public Partnerships Limited Partnership.

**Deferred tax**

Deferred taxation is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements except that:

- unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

**Going concern**

The financial statements have been prepared on the going concern basis which assumes that the company will continue in operational existence for the foreseeable future. The directors believe the going concern basis to be appropriate as Derbyshire Schools Phase Two Partnership has committed banking facilities to cover all projected expenditure during construction and is sufficiently cash generative thereafter to fully repay the debt and other expenses.

**Investments**

Investments are stated at cost less provision for any impairment in value.

**Related party disclosures**

The company has taken advantage of the exemption in Section 33.1 A Related Party Disclosures not to disclose related party transactions between two or more members of a group provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

**Short term debtors and creditors**

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the statement of comprehensive income in the administrative expenses.

**Judgements and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amount reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

**2. STAFF COSTS**

The company has no employees and hence there were no staff costs for the year ended 31 December 2017 (2016: £nil).

**3. OPERATING PROFIT**

The directors received no salary, fees or other benefits in the performance of their duties in respect of their services to the company (2016: £nil). The audit fee of £1,025 (2016: £1,000) for the company is borne by Derbyshire Schools Phase Two Partnership.

**Notes to the Financial Statements - continued  
for the year ended 31 December 2017**

**4. INCOME FROM PARTICIPATING INTERESTS**

Income from participating interests represents the company's share of the allocated results of the Derbyshire Schools Phase Two Partnership for the year.

**5. TAXATION**

**Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

	2017 £	2016 £
Current tax:		
UK corporation tax	166,892	165,547
Deferred Tax (Note 8)	<u>1,002</u>	<u>-</u>
Tax on profit	<u><u>167,894</u></u>	<u><u>165,547</u></u>

**Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is lower than (2016: higher than) standard rate of corporation tax in the UK. The difference is explained below:

	2017 £	2016 £
Profit before tax	<u><u>872,249</u></u>	<u><u>823,584</u></u>
Profit multiplied by the standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	<u>167,908</u>	<u>164,717</u>
Effects of:		
Expenses not deductible for tax purposes	<u>(14)</u>	<u>830</u>
Total tax charge	<u><u>167,894</u></u>	<u><u>165,547</u></u>

**Factors that may affect future tax charges**

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) was substantively enacted on 26 October 2015. Further reductions to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 December 2017 has been calculated based on these rate.

**6. DIVIDENDS**

	2017 £	2016 £
Ordinary share of £1	<u><u>516,460</u></u>	<u><u>697,760</u></u>

Notes to the Financial Statements - continued  
for the year ended 31 December 2017

7. **FIXED ASSET INVESTMENTS**

	Interest in other participating interests £
<b>COST</b>	
At 1 January 2017	
and 31 December 2017	<u>980</u>
<b>NET BOOK VALUE</b>	
At 31 December 2017	<u>980</u>
At 31 December 2016	<u>980</u>

The company has invested in Derbyshire Schools Phase Two Partnership through the pledge of £980 to the capital account of the limited partnership which has a total pledged capital of £1,000. The company is entitled to a 98% share of the net income or losses and a 98% share of any capital gains or losses of the limited partnership, and has sole control over the operating decisions of the limited partnership.

Derbyshire Schools Phase Two Partnership is the contractual party in a PFI concession arrangement with Derbyshire County Council.

8. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2017 £	2016 £
Amounts owed by group undertakings	2,661,388	2,524,234
Deferred tax asset	<u>5,069</u>	<u>6,071</u>
	<u>2,666,457</u>	<u>2,530,305</u>

Deferred tax liability consists of:	2017 £	2016 £
FRS102 Adjustment	<u>5,069</u>	<u>6,071</u>
	<u>5,069</u>	<u>6,071</u>

	<b>Deferred tax £</b>
Balance at 1 January 2017	6,071
Movement in the year (note 5)	<u>(1,002)</u>
Balance at 31 December 2017	<u>5,069</u>

9. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2017 £	2016 £
Amounts owed to group undertakings	165,547	218,635
Corporation tax	<u>165,850</u>	<u>164,505</u>
	<u>331,397</u>	<u>383,140</u>

**Notes to the Financial Statements - continued  
for the year ended 31 December 2017**

**10. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:		Nominal value:	2017 £	2016 £
Number:	Class:			
1	Ordinary	1	<u>1</u>	<u>1</u>

**11. RESERVES**

	Retained earnings £
At 1 January 2017	2,148,144
Profit for the year	704,355
Dividends	<u>(516,460)</u>
At 31 December 2017	<u>2,336,039</u>

**12. ULTIMATE CONTROLLING PARTY**

The directors regard IPP Properties No. 2 Limited, a company incorporated in England and Wales as the immediate parent undertaking and controlling party and International Public Partnerships Limited a company registered in Guernsey as the ultimate parent undertaking and controlling party. Copies of the consolidated financial statements of International Public Partnerships Limited Partnership (the smallest and largest group of which the company is a member and for which group financial statements are prepared) can be obtained from the registered address at 3 More London Riverside, London, SE1 2AQ.