

REGISTERED NUMBER 05039071 (England & Wales)

**Report of the Directors and
Financial Statements
for the year ended 31 December 2010
for
IPP Properties (Derbyshire
Schools Phase Two) Limited**

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IPP Properties (Derbyshire Schools Phase Two) Limited

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**IPP Properties (Derbyshire
Schools Phase Two) Limited**

**Company Information
for the year ended 31 December 2010**

DIRECTORS:

G J Frost
M J Gregory
D J Lees

SECRETARY:

A E Woods

REGISTERED OFFICE:

Two London Bridge
London
SE1 9RA

REGISTERED NUMBER:

05039071 (England & Wales)

AUDITOR:

Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

IPP Properties (Derbyshire Schools Phase Two) Limited

Report of the Directors for the year ended 31 December 2010

The directors present their report with the financial statements of the company for the year ended 31 December 2010

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of a limited partner to a limited partnership which is involved in the development and construction of serviced premises

REVIEW OF BUSINESS

Both the level of business and the year end financial position were in line with budgets and expectations. The building is occupied and the directors expect the company to trade profitably.

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

GOING CONCERN

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in the financial statements.

DIVIDENDS

The profit for the financial year of £6,146 (2009 £5,737) has been transferred to reserves. The directors authorised the payment of a dividend of £14,589 (2009 £1,650).

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2010 to the date of this report.

G J Frost
M J Gregory
D J Lees

On 10th January 2011 D J Lees resigned as company secretary and was replaced by A E Woods.

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 these 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 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.

IPP Properties (Derbyshire Schools Phase Two) Limited

Report of the Directors for the year ended 31 December 2010

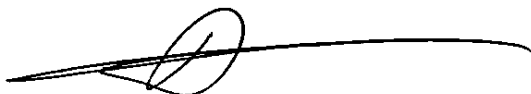
STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

Each of the persons who is a director at the date of approval of this annual report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, consisting of a stylized 'D' followed by a horizontal line extending to the right.

D J Lees - Director

Date 26 May 2011

Report of the Independent Auditors to the Shareholders of IPP Properties (Derbyshire Schools Phase Two) Limited

We have audited the financial statements of IPP Properties (Derbyshire Schools Phase Two) Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. 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).

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 Statement of Directors' Responsibilities, 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

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.

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 31 December 2010 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.

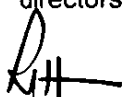
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

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, or
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report.



Ross Howard (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

Date 26 May 2011

IPP Properties (Derbyshire Schools Phase Two) Limited

Profit and Loss Account for the year ended 31 December 2010

	Notes	2010 £	2009 £
TURNOVER		-	-
OPERATING PROFIT	3	-	-
Income from participating interests		<u>8,536</u>	<u>7,968</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		8,536	7,968
Tax on profit on ordinary activities	4	<u>(2,390)</u>	<u>(2,231)</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		<u>6,146</u>	<u>5,737</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year

All items in the above statement are derived from continuing operations

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current year or previous year

IPP Properties (Derbyshire Schools Phase Two) Limited

Balance Sheet 31 December 2010

	Notes	2010 £	2009 £
FIXED ASSETS			
Investments	6	10	10
CURRENT ASSETS			
Debtors	7	12,241	20,683
CREDITORS			
Amounts falling due within one year	8	<u>(2,068)</u>	<u>(2,067)</u>
NET CURRENT ASSETS		<u>10,173</u>	<u>18,616</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>10,183</u>	<u>18,626</u>
CAPITAL AND RESERVES			
Called up share capital	9	1	1
Profit and loss account	10	<u>10,182</u>	<u>18,625</u>
SHAREHOLDERS' FUNDS	12	<u>10,183</u>	<u>18,626</u>

The financial statements of IPP Properties (Derbyshire Schools Phase Two) Limited registered number 05039071 were approved by the board of directors and authorised for issue on 26/5/11. They were signed on its behalf by



M J Gregory - Director



D J Lees - Director

IPP Properties (Derbyshire Schools Phase Two) Limited

Notes to the Financial Statements for the year ended 31 December 2010

1 ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and are in accordance with United Kingdom accounting standards

The accounting policies used have been consistently applied in the current and preceding year

Going Concern

The Company exists to hold investments in its subsidiary that provides services under certain private finance agreements. The subsidiary is set up as a Special Purpose Vehicle under non-recourse arrangements and therefore the Company has limited its exposure to the liabilities. In the event of default of the subsidiary, the exposure is limited to the extent of the investment it has made. Having reviewed the Company's investment portfolio including the associated future cash requirements and forecast receipts, the Directors are satisfied that they have a reasonable expectation that the Company will have access to adequate resources to continue in existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Taxation

Current tax, including United Kingdom Corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

In accordance with FRS 19 'Deferred Tax', deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured at the average tax rates that are expected to apply in the period in which the timing differences are expected to reverse, based on the tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are not discounted.

Income from participating interests

Income from participating interests represents IPP Properties (Derbyshire Schools Phase Two) Limited's share of the results of the Derbyshire Schools Phase Two Partnership for the year.

Investments

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

Cash flow statement and related party disclosures

The company is a wholly-owned subsidiary of International Public Partnerships Limited and is therefore included in its consolidated financial statements which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996). The Company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the International Public Partnerships Limited Group.

2 STAFF COSTS

There were no staff or staff costs for the year ended 31 December 2010 nor for the period ended 31 December 2009.

IPP Properties (Derbyshire Schools Phase Two) Limited

Notes to the Financial Statements - continued for the year ended 31 December 2010

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 (2009 £Nil)

Auditor's remuneration was borne by another group undertaking amounting to £2,755 (2009 £2,755)

4 TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows

	2010 £	2009 £
Current tax		
UK corporation tax	<u>2,390</u>	<u>2,231</u>
Tax on profit on ordinary activities	<u>2,390</u>	<u>2,231</u>

A reduction in the headline UK tax rate from 28% to 27%, effective 1 April 2011, was substantively enacted at 31 December 2010. Further reductions in the headline UK tax rate were announced in the 2011 UK Budget on 23 March 2011. These reductions were included within the 2011 UK Finance Bill published on 31 March 2011, and will reduce the headline rate from 27% to 26%, effective 1 April 2011, and from 26% to 25%, effective 1 April 2012.

5 DIVIDENDS

	2010 £	2009 £
Ordinary share of £1		
Interim	<u>14,589</u>	<u>1,650</u>

6 FIXED ASSET INVESTMENTS

	Interest in other participating interests £
COST	
At 1 January 2010	
and 31 December 2010	<u>10</u>
NET BOOK VALUE	
At 31 December 2010	<u>10</u>

The Company has invested in Derbyshire Schools Phase Two Partnership through the pledge of £10 to the capital account of the Limited Partnership which has a total pledged capital of £1,000. The company is entitled to a 1% share of the net income or losses and a 1% share of any capital gains or losses of the Limited Partnership, but has no control over the operating decisions of the Limited Partnership.

Derbyshire Schools Phase Two Partnership is involved in the development and construction of serviced premises. On completion the partnership is a lessor and manager of the serviced premises.

IPP Properties (Derbyshire Schools Phase Two) Limited

Notes to the Financial Statements - continued for the year ended 31 December 2010

7 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010 £	2009 £
Amounts owed by group undertakings	12,147	18,146
Tax	92	2,535
Called up share capital not paid	<u>2</u>	<u>2</u>
	<u>12,241</u>	<u>20,683</u>

The amounts owed by group undertaking represents the Company share of the Limited Partnership profits amounting to £21,414 (2009 £27,467) less unpaid partnership capital of £10 (2009 £10) Also included is a net creditor amount of £9,257 (2009 £9,311) representing tax paid by the partnership on the company's behalf

8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010 £	2009 £
Amounts owed to group undertakings	<u>2,068</u>	<u>2,067</u>

These are amounts due from other group entities in respect of corporation tax group relief

9 CALLED UP SHARE CAPITAL

Allotted and issued Number	Class	Nominal value	2010 £	2009 £
1	Ordinary	£1	<u>1</u>	<u>1</u>

10 RESERVES

	Profit and loss account £
At 1 January 2010	18,625
Profit for the year	6,146
Dividends	<u>(14,589)</u>
At 31 December 2010	<u>10,182</u>

11 ULTIMATE CONTROLLING PARTY

The directors regard IPP Properties No 2 Limited, a company incorporated in England and Wales as the immediate parent company and International Public Partnerships Limited a company registered in Guernsey as the ultimate controlling party Copies of the consolidated financial statements of International Public Partnerships Limited can be obtained from Heritage International Fund Managers Limited, Polygon Hall, PO Box 225, Le Marchant Street, St Peter Port, Guernsey GY1 4HY

**IPP Properties (Derbyshire
Schools Phase Two) Limited**

**Notes to the Financial Statements - continued
for the year ended 31 December 2010**

12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2010	2009
	£	£
Profit for the financial year	6,146	5,737
Dividends	(14,589)	(1,650)
Net (reduction)/addition to shareholders' funds	(8,443)	4,087
Opening shareholders' funds	<u>18,626</u>	<u>14,539</u>
Closing shareholders' funds	<u>10,183</u>	<u>18,626</u>