

REGISTERED NUMBER: 05049457 (England and Wales)

**Report of the Directors and
Financial Statements
for the Year Ended 31 December 2018
for
IPP Properties No.2 Limited**

TUESDAY



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for the year ended 31 December 2018**

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IPP Properties No.2 Limited

**Company Information
for the year ended 31 December 2018**

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:

05049457 (England and Wales)

AUDITOR:

KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

IPP Properties No.2 Limited (Registered number: 05049457)

**Report of the Directors
for the year ended 31 December 2018**

The directors present their report with the financial statements of the company for the year ended 31 December 2018.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of a holding company. The company owns the entire share capital of Derbyshire Schools Phase Two Limited, IPP Properties (Derbyshire Schools Phase Two) Limited and Long Eaton Schools Limited. These companies are the General Partner and Limited Partners respectively in the Derbyshire Schools Phase Two Partnership which is involved in the design, construction and maintenance services including related financing arrangements for two schools under a 26 year PFI concession arrangement with Derbyshire County Council. The company also owned the entire share capital of Newbold (Derbyshire Schools Phase Two) Limited, a property co-trustee company.

REVIEW OF BUSINESS

The profit for the financial year of £575,219 (2017: £27,000) 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 holding company to Derbyshire Schools Phase Two Limited, IPP Properties (Derbyshire Schools Phase Two) Limited, Long Eaton Schools Limited and Newbold (Derbyshire Schools Phase Two) Limited.

DIVIDENDS

The directors decided to authorise the payment of a dividend of £575,219 (2017: £527,000).

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.

POST BALANCE SHEET EVENTS

There have been no material post balance sheet events which would require disclosure or adjustment to these financial statements.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2018 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.

IPP Properties No.2 Limited (Registered number: 05049457)

**Report of the Directors
for the year ended 31 December 2018**

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.

AUDITOR

Ernst & Young LLP resigned as auditor of the company and the directors appointed KPMG LLP to fill the casual vacancy. 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.

ON BEHALF OF THE BOARD:



.....
M J Gregory - Director

Date: 28 JUNE 2019

Independent Auditor's Report to the Members of IPP Properties No.2 Limited

Opinion

We have audited the financial statements of IPP Properties N.2 Limited ("the company") for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Change in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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 from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 2, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they 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
IPP Properties No.2 Limited**

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



James Tracey (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Date: 23 June 2019

IPP Properties No.2 Limited (Registered number: 05049457)

**Statement of Comprehensive Income
for the year ended 31 December 2018**

	Notes	2018 £	2017 £
TURNOVER		<u>-</u>	<u>-</u>
OPERATING PROFIT	3	-	-
Income from shares in group undertakings	4	<u>575,219</u>	<u>527,000</u>
PROFIT BEFORE TAXATION		575,219	527,000
Tax on profit	5	<u>-</u>	<u>-</u>
PROFIT FOR THE FINANCIAL YEAR		575,219	527,000
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>575,219</u>	<u>527,000</u>

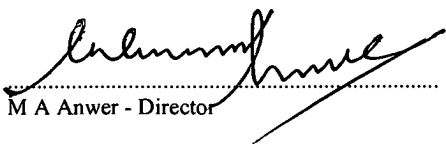
The notes form part of these financial statements

IPP Properties No.2 Limited (Registered number: 05049457)

**Balance Sheet
31 December 2018**

	Notes	2018 £	2017 £
FIXED ASSETS			
Investments	7	4	4
CURRENT ASSETS			
Debtors	8	1	1
CREDITORS			
Amounts falling due within one year	9	<u>(4)</u>	<u>(4)</u>
NET CURRENT LIABILITIES		<u>(3)</u>	<u>(3)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES, BEING NET ASSETS		<u><u>1</u></u>	<u><u>1</u></u>
CAPITAL AND RESERVES			
Called up share capital	10	1	1
Retained Earnings		<u>-</u>	<u>-</u>
SHAREHOLDERS' FUNDS		<u><u>1</u></u>	<u><u>1</u></u>

The financial statements were approved by the Board of Directors on 29 JUNE 2019 and were signed on its behalf by:


.....
M A Anwer - Director

IPP Properties No.2 Limited (Registered number: 05049457)

**Statement of Changes in Equity
for the year ended 31 December 2018**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2017	1	-	1
Changes in equity			
Dividends (note 6)	-	(527,000)	(527,000)
Total comprehensive income	<u>-</u>	<u>527,000</u>	<u>527,000</u>
Balance at 31 December 2017	<u>1</u>	<u>-</u>	<u>1</u>
Changes in equity			
Dividends (note 6)	-	(575,219)	(575,219)
Total comprehensive income	<u>-</u>	<u>575,219</u>	<u>575,219</u>
Balance at 31 December 2018	<u><u>1</u></u>	<u><u>-</u></u>	<u><u>1</u></u>

The notes form part of these financial statements

**Notes to the Financial Statements
for the year ended 31 December 2018**

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

IPP Properties No.2 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 2018.

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 IPP Properties No.2 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 consolidated financial statements of its International Public Partnerships Limited Partnership.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted. Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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 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.

There are no significant accounting estimates or judgements required in the preparation of these financial statements.

Notes to the Financial Statements - continued
for the year ended 31 December 2018

2. **STAFF COSTS**

The company has no employees and hence there were no staff costs for the year ended 31 December 2018 (2017: £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 (2017: £nil). The audit fee of £332 (2017: £1,025) for the company is borne by Derbyshire Schools Phase Two Partnership.

4. **INCOME FROM SHARES IN GROUP UNDERTAKINGS**

Income from shares in group undertakings represents dividends received from the Company's subsidiary undertakings during the year

5. **TAXATION**

	2018 £'000	2017 £'000
a) Analysis of tax charge for the year		
UK Corporation tax		
Current tax	-	-
	-	-

b) Factors affecting the tax charge for the year

The UK standard of corporation tax for the year is 19.00% (2017: 19.25%). The actual tax rate is lower than (2017: lower than) the standard rate for the reasons set out below:

	2018 £	2017 £
Profit before tax	<u>575,219</u>	<u>527,000</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19.250%)	109,292	101,448
Effects of:		
Income not taxable for tax purposes	(109,292)	(101,448)
tax purposes		
rates		
Total tax charge	<u>-</u>	<u>-</u>

c) Factors affecting future tax charge

A reduction in the UK corporation tax rate to 19% (effective from 1 April 2017) and 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. There is no recognised or unrecognised deferred tax asset (2017: £nil).

6. **DIVIDENDS**

	2018 £	2017 £
Ordinary share of £1		
Interim	<u>575,219</u>	<u>527,000</u>
	<u>575,219</u>	<u>527,000</u>

Notes to the Financial Statements - continued
for the year ended 31 December 2018

7. FIXED ASSET INVESTMENTS

	Interest in subsidiary undertakings £
COST	
At 1 January 2018	
and 31 December 2018	<u>4</u>
NET BOOK VALUE	
At 31 December 2018	<u>4</u>
At 31 December 2017	<u>4</u>

	Ordinary Shares £1	Nature of Business	Ownership
Derbyshire Schools Phase Two Limited	£1	see below	100%
IPP Properties (Derbyshire Schools Phase Two) Limited	£1	see below	100%
Long Eaton Schools Limited	£1	see below	100%
Newbold (Derbyshire Schools Phase Two) Limited	£1	see below	100%

The above companies are wholly owned by IPP Properties No 2 Limited and are general or limited partners in partnerships which are involved in the design, construction and maintenance services including related financing arrangements for two schools under a 26 year PFI concession arrangement with Derbyshire County Council, with the exception of Newbold (Derbyshire Schools Phase Two) Limited which is a property co-trustee company. This company is incorporated in the United Kingdom, registered at 3 More London Riverside, London, SE1 2AQ, and its sole purpose is that of a holding company.

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Amounts owed by group undertakings	<u>1</u>	<u>1</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Amounts owed to group undertakings	<u>4</u>	<u>4</u>

10. CALLED UP SHARE CAPITAL

Allotted and issued:		Nominal value:	2018 £	2017 £
Number:	Class:			
1	Ordinary	£1	<u>1</u>	<u>1</u>

11. RESERVES

	Retained earnings £
At 1 January 2018	-
Profit for the year	575,219
Dividends	<u>(575,219)</u>
At 31 December 2018	<u>-</u>

12. ULTIMATE CONTROLLING PARTY

The directors regard IPP (PPP) 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 Bridge, London, SE1 2AQ.