

REGISTERED NUMBER- 5071716

DERBY SCHOOL SOLUTIONS LIMITED

ANNUAL REPORT
FOR THE YEAR ENDED
31ST DECEMBER 2009

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COMPANIES HOUSE

DERBY SCHOOL SOLUTIONS LIMITED

COMPANY INFORMATION

DIRECTORS

A Christakis
D J Finch
A Matthews

SECRETARY

A M Comba

REGISTERED OFFICE

Astral House
Imperial Way
Watford
Hertfordshire
WD24 4WW

REGISTERED NUMBER

5071716

AUDITORS

KPMG LLP
Altius House
One North Fourth Street
Central Milton Keynes
MK9 1NE

BANKERS

Barclays Bank PLC
One Churchill Place
London
EC3P 3AH

DERBY SCHOOL SOLUTIONS LIMITED

DIRECTORS' REPORT

The Directors submit their report to the members, together with the audited financial statements for the year ended 31st December 2009

Principal activity and review of the business

Derby School Solutions Limited is a wholly owned subsidiary of Derby School Solutions (Holdings) Limited

On 23rd December 2004, Derby School Solutions Limited entered into a long-term contract under the Private Finance Initiative with Derby City Council to design, build, finance, operate and manage five replacement primary and secondary schools in the city of Derby

The company is now engaged exclusively in the operation of the schools and the provision of support services functions over the concession period of 25 years. In return the company is entitled to receive concession revenue over the concession period, following the completion of the construction phase

Business and financial risks

The company faces the risk of the deduction of the unitary payment from Derby City Council (i.e. the concession revenue) based on the lack of availability of the contracted services and/or poor performance of these services. The company is able to mitigate these risks because these deductions are generally passed down to the relevant subcontractors, consequently these risks ultimately lie with the service providers. Therefore, business risks are limited due to the contract between the Company and the support services providers

The significant use of non-recourse debt for financing assists the Company in matching the cash flows and the financial risk management of this PFI project. Furthermore, the bulk of the debt is fixed rate achieved through interest rate SWAPS

Directors

The Directors of the Company during the year were

D J Finch

A Matthews

A Christakis appointed 6th August 2009

Indemnity provisions

No qualifying third party provision is in force for the benefit of any director of the Company

Disclosure of information to auditors

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

DERBY SCHOOL SOLUTIONS LIMITED

DIRECTORS' REPORT (continued)

Auditors

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

Approval

The Report of the Directors was approved by the Board on 28th June 2010 and signed on its behalf by



D Finch
Director

DERBY SCHOOL SOLUTIONS 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.

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF DERBY SCHOOL SOLUTIONS LIMITED

We have audited the financial statements of Derby School Solutions Limited for the year ended 31st December 2009 set out on pages 6 to 13. 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 auditors' 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 auditors

As explained more fully in the Directors' Responsibilities Statement 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 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/UKNP.

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 31st December 2009 and of its loss 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.

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



S J Wardell (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Altius House
1 North Fourth Street
Milton Keynes
Buckinghamshire
MK9 1NE

2 July 2010

DERBY SCHOOL SOLUTIONS LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2009

	Notes	2009	2008
		£000	£000
Turnover	1	1,599	1,304
Cost of sales		(1,235)	(968)
Gross Profit		364	336
Administrative expenses		(331)	(318)
Operating profit . continuing operations	2	33	18
Interest receivable and similar income	4	1,961	2,456
Interest payable and similar income	4	(2,129)	(2,549)
Loss on ordinary activities before taxation		(135)	(75)
Tax credit on loss on ordinary activities	5	28	31
Loss for the financial year	11	(107)	(44)

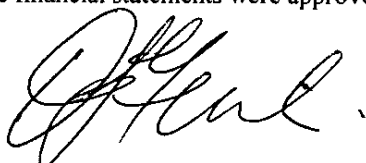
A statement of Total Recognised Gains and Losses has not been prepared as the Company has no recognised gains or losses other than those reported above

DERBY SCHOOL SOLUTIONS LIMITED

BALANCE SHEET
AT 31ST DECEMBER 2009

	Notes	2009 £000	2008 £000
Current assets			
Debtors due within one year	6	803	812
Debtors due after one year	6	26,909	29,028
Cash at bank and in hand		3,812	3,726
		<hr/>	<hr/>
		31,524	33,566
Creditors amounts falling due within one year	7	(2,694)	(2,836)
		<hr/>	<hr/>
Net current assets		28,830	30,730
		<hr/>	<hr/>
Creditors amounts falling due after more than one year	8	(29,085)	(30,878)
		<hr/>	<hr/>
Net liabilities		(255)	(148)
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	9	1	1
Profit and loss account	10	(256)	(149)
		<hr/>	<hr/>
Shareholders' deficit	11	(255)	(148)
		<hr/>	<hr/>

The financial statements were approved by the Board on 28th June 2010 signed on its behalf by



D Finch
Director
Company Registered Number 5071716

DERBY SCHOOL SOLUTIONS LIMITED

ACCOUNTING POLICIES

Basis of preparation

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

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements

The company's ultimate parent entity during the year was Barclays European Infrastructure Fund, a limited partnership (the largest Group in which the results of the company are consolidated) The address from which the financial statements can be obtained is 5 The North Colonnade, London E14 4BB

The directors have adopted the going concern basis in the accounts and consider such basis to be appropriate In reaching this conclusion they have considered the expected cash inflows and outflows for the company over the remaining life of the project

Turnover

A margin is applied to costs charged to the profit and loss account to calculate the turnover credited to the profit and loss account This margin is calculated as total income forecast to be receivable over the concession, less all major maintenance, routine maintenance and other operating costs forecast to be payable over the life of the concession.

Stocks and work in progress

All assets under construction are initially recorded at cost Cost represents expenditure on the refurbishment and construction of the buildings including capitalised interest until the asset comes into use, when these costs will be transferred to a finance debtor.

Finance Debtor

Costs incurred in the construction of the project have been accounted for under Financial Reporting Standard 5 'Reporting the substance of transactions Costs comprise direct payments to the contractor, attributable initial project costs and interest costs incurred over the construction period on borrowings to fund construction

The finance debtor is repaid over the life of the concession and revenue is apportioned between a deemed interest charge and turnover The deemed interest charge is based upon the value of the financial debt outstanding and is included within interest receivable

Taxation

The charge or credit for taxation is based on the result for the year and takes into account taxation deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes Full provision for deferred taxation is made under the liability method, without discounting, on all timing differences that have arisen, but not reversed by the balance sheet date, unless such provision is not permitted by FRS 19

DERBY SCHOOL SOLUTIONS LIMITED

NOTES TO THE ACCOUNTS
AT 31ST DECEMBER 2009

1 **Turnover**

Turnover represents a margin based on the total income forecast to be receivable over the concession period

2	Operating Profit : continuing operations	2009 £000	2008 £000
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This is stated after charging

Auditors' remuneration	2	2
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3 **Employees**

The Company had no employees during the year. None of the directors received remuneration relating to their services as directors of Derby School Solutions Limited

4	Interest receivable/(payable)	2009 £000	2008 £000
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Interest receivable

Bank interest	20	562
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Finance debtor interest	1,941	1,894
	<u>1,961</u>	<u>2,456</u>

Interest payable

Bank interest	(1,692)	(2,108)
Other interest	(424)	(441)
Amortised cost of financial debts	(13)	-

	<u>(2,129)</u>	<u>2,549</u>
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5. **Tax on loss on ordinary activities**

The taxation credit for the year comprised

	2009 £000	2008 £000
Deferred taxation	28	31
	<u>28</u>	<u>31</u>
Tax credit on loss on ordinary activities	28	31

DERBY SCHOOL SOLUTIONS LIMITED

NOTES TO THE ACCOUNTS (continued)
AT 31ST DECEMBER 2009

5 Tax on loss on ordinary activities (continued)

	2009 £000	2008 £000
Current tax reconciliation		
Loss on ordinary activities before taxation	(135)	(75)
Theoretical tax at UK corporation tax rate 28% (2008 28.5%)	(38)	(21)
Effects of		
Expenditure not tax deductible	10	-
Short term timing differences	(10)	-
Losses carried forward	38	21
Actual current taxation credit	-	-

The standard rate of tax used in the prior year was a blended rate due to the change in standard tax rate on 1st April 2009 from 30% to 28%.

6 Debtors: due within one year

	2009 £000	2008 £000
Finance debtor	678	639
Prepayments and accrued income	25	101
Deferred tax asset	100	72
	803	812
Finance debtor due after one year	26,909	29,028
Finance debtor		
Analysis of finance debtor	2009 £000	2009 £000
Amount due within		
One year	678	639
One and two years	718	678
Two and five years	2,424	2,286
Over five years	23,767	26,064
	27,587	29,667

In accordance with FRS 5 Application Notes, the income received in the form of a unitary charge has been allocated to the finance debtor using a property specific rate of return which the directors consider appropriate for the asset concerned

DERBY SCHOOL SOLUTIONS LIMITED

NOTES TO THE ACCOUNTS (continued)
AT 31ST DECEMBER 2009

6 Debtors: due within one year (continued)

Deferred taxation

Analysis of deferred tax balance	£000
At 1st January 2009	72
Transfer from profit and loss account	28
At 31st December 2009	100

The deferred tax asset comprises of

	Amounts recognised	
	2009 £000	2008 £000
Other timing differences	(10)	-
Tax losses	110	72
	100	72

7 Creditors: amounts falling due within one year

	2009 £000	2008 £000
Taxation - VAT	40	34
Bank loans and overdrafts	1,705	1,731
Subordinated loans	119	111
Accruals including accrued interest on loans	654	784
Retentions	176	176
	2,694	2,836

8 Creditors: amounts falling due after more than one year

	2009 £000	2008 £000
Bank loans and overdraft	26,229	27,904
Subordinate loans	2,856	2,974
	29,085	30,878

Total subordinated loans are £2,975,000 (2008 £3,085,000) at a nominal interest rate of 16.4% per annum, repayable over a period of 21 years.

DERBY SCHOOL SOLUTIONS LIMITED

NOTES TO THE ACCOUNTS (continued)
AT 31ST DECEMBER 2009

8. Creditors: amounts falling due after more than one year (continued)

Included within bank loans are arrangement fees of £278,000 (2008: £292,000) which is to be written off to the profit and loss account over the period of the loan.

The company is committed to senior debt facilities of £31,838,000. This bank loan was drawn down under a non-recourse financing agreement and will be repayable over 25 years following financial close in six monthly instalments commencing 31 March 2008, at a rate of 4.885% per annum. The balance on the subordinated and bank loans may be analysed by maturity as follows

	2009 £000	2008 £000
Repayable		
after more than five years	22,447	23,952
between two and five years	4,884	5,103
between one and two years	1,754	1,823
within one year	1,824	1,842
	<hr/>	<hr/>
	30,909	32,720
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9 Share capital

Authorised, allotted and fully paid

	2009 £000	2008 £000
1,000 (2008: 1,000) ordinary shares of £1 each	1	1
	<hr/>	<hr/>

10. Reserves

	Profit and loss Account £000
At 1st January 2009	(149)
Loss for the year	(107)
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At 31st December 2009	(256)
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DERBY SCHOOL SOLUTIONS LIMITED

NOTES TO THE ACCOUNTS (continued)
AT 31ST DECEMBER 2009

11 Reconciliation of movement in shareholders' deficit

	2009 £000	2008 £000
Opening shareholders' deficit	(148)	(104)
Loss for the financial year	(107)	(44)
Closing shareholders' deficit	(255)	(148)

12 Capital commitments

	2009 £000	2008 £000
Contracted but not provided for in the accounts	-	-

13 Related party transactions

The company is a wholly owned subsidiary of Derby School Solutions (Holdings) Limited. Its Parent Company is V B Investments Limited. The majority of the interest in V B Investments Limited (80%) is held by Leonardo Investment Holdings Limited and the remaining 20% is held by VINCI (Holdings) Limited (a subsidiary of VINCI PLC).

During the year the Company was charged £1,300,000 (2008 £968,000) in facilities management fees by VINCI Construction UK Limited. Included in retentions and accruals is £176,000 (2008 £176,000) due to VINCI Construction UK Limited. VINCI Construction UK Limited is a subsidiary of VINCI PLC.

14 Ultimate Parent Company

The Company's immediate parent undertaking is Derby School Solutions (Holdings) Limited. The company's ultimate parent entity during the year was Barclays European Infrastructure Fund, a limited partnership (the largest Group in which the results of the company are consolidated). The address from which the financial statements can be obtained is 5 The North Colonnade, London E14 4BB.