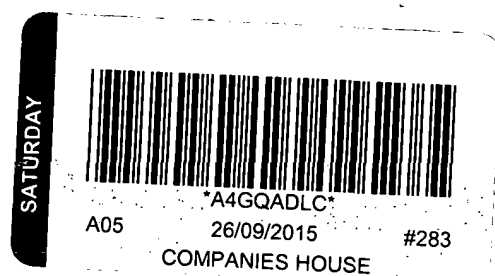


**Birmingham Schools PSP Phase 1a Limited**

Registered number 6451882

Directors' report and financial statements

31 December 2014



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## Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31 December 2014.

### Principal activities and review of the business

Birmingham Schools PSP Phase 1a Limited ("the Company") was formed to act as the private sector partner in the Government's Building Schools for the Future (BSF) programme in Birmingham, and to hold investments in the Local Education Partnership (LEP) and any PFI contracts which are taken forward by a Special Purpose Vehicle.

On 5th July 2010, the UK Government announced the cancellation of the Building Schools for the Future (BSF) programme. This had an adverse effect on the Company with future investments of equity and subordinated debt in Special Purpose Vehicles (SPVs) with PFI contracts significantly diminished from the original pipeline of projects.

On 24 June 2013, Lend Lease Infrastructure Holdings (EMEA) Limited sold its shares in Birmingham Schools PSP Phase 1a Limited to Lend Lease PFI/PPP Infrastructure Birmingham Holdings Limited, which is registered in Jersey, and was a wholly owned subsidiary of Lend Lease Infrastructure Holdings (EMEA) Limited. Lend Lease Infrastructure Holdings (EMEA) Limited then immediately sold its shares in Lend Lease PFI/PPP Infrastructure Birmingham Holdings Limited to Lend Lease PFI/PPP Infrastructure Fund Limited Partnership, an English limited partnership.

The Company will act as an investment Company for the Lend Lease Infrastructure group.

The Company is a limited liability Company incorporated and domiciled in the United Kingdom. The address of its registered office is 3rd Floor, The Venus, 1 Old Park Lane, Trafford, Manchester M41 7HG.

### Results and dividends

The results of the Company for the year are set out in the profit and loss account on page 6. The results and the position of the Company at the year end are in line with the expectations of the Directors.

The profit for the year after taxation amounted to £140,167 (2013: £90,283). During the year, the directors approved and paid dividend payments of £151,772 (2013: £405,498)

### Directors and Directors' interests

The Directors who held office during the year were as follows:

H Murphy	(resigned 15 September 2014)
B Millsom	
J Potgieter	(appointed 22 December 2014)

None of the directors who held office at the end of the year had any disclosable interest in group undertakings as recorded in the register of Directors' interest.

### Political and charitable contributions

The company made no political or charitable contributions during the year (2013: £nil)

## Directors' Report (continued)

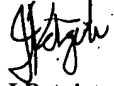
### Statement as to disclosure of information to the auditor

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 auditor is unaware; and each director has taken all the 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 auditor is aware of that information.

### Auditor

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.

By order of the board.



J Potgieter

Director

7 September 2015

3<sup>rd</sup> Floor, The Venus  
1 Old Park Lane  
Trafford  
Manchester  
M41 7HG

## **Statement of Directors' Responsibilities in Respect of the Directors' Report and the Financial Statements**

The directors are responsible for preparing the Directors' report and 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 apply them consistently;
- make judgements 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 Auditor's Report to the Members of Birmingham Schools PSP Phase 1a Limited**

We have audited the financial statements of Birmingham Schools PSP Phase 1a Limited for the year ended 31 December 2014 set out on pages 6 to 12. 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 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 Director's Responsibilities Statement set out on page 3, 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 Audit Practices Board'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 Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **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 2014 and of its profit 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 Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Independent Auditor's Report to the Members of Birmingham Schools PSP Phase 1a Limited (continued)**

### **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 prepare the financial statements in accordance with the small companies regime and to take advantage of the small companies exemption in not preparing the strategic report

*Mick Davies*

11 September 2015

**Mick Davies**

**for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*

1 St Peter's Square

Manchester

M2 3AE

**Profit and Loss Account**  
*for the year ended 31 December 2014*

	Note	Year ended 31 December 2014 £	Year ended 31 December 2013 £
Other expenses		(784)	-
<b>Operating Profit</b>		<b>(784)</b>	<b>-</b>
Interest income	3	361,809	387,538
Interest expense	4	(361,809)	(387,538)
Dividends received	2	151,772	90,283
<b>Profit on ordinary activities before taxation</b>		<b>150,988</b>	<b>90,283</b>
Taxation	5	-	-
<b>Profit on ordinary activities after taxation</b>		<b>150,988</b>	<b>90,283</b>
<b>Profit for the year</b>		<b>150,988</b>	<b>90,283</b>

All activities are continuing.

The company had no recognised gains or losses other than the profit for the period.

There is no difference between the profit as reported and the profit on a historical cost basis

The notes forming part of these financial statements are set out on pages 9 - 12.



**Balance Sheet**  
*as at 31 December 2014*

	Note	2014 £	2013 £
<b>Fixed assets</b>			
Investments	6	36,000	36,000
<b>Current assets</b>			
Debtors - falling due within one year	7	90,047	106,750
<b>Non Current Assets</b>			
Debtors - falling due after more than one year	7	3,288,451	3,316,825
<b>Total Assets</b>		<b>3,414,498</b>	<b>3,459,574</b>
<b>Current Liabilities</b>			
Creditors - falling due within one year	8	(90,047)	(91,966)
<b>Total assets less current liabilities</b>		<b>3,324,451</b>	<b>3,367,609</b>
<b>Non Current Liabilities</b>			
Creditors - falling due after more than one year	9	(3,274,451)	(3,316,825)
<b>Net Assets</b>		<b>50,000</b>	<b>50,784</b>
<b>Capital and Reserves</b>			
Called up share capital	10	50,000	50,000
Profit and loss account		-	784
<b>Total equity</b>		<b>50,000</b>	<b>50,784</b>

The notes forming part of these financial statements are set out on pages 9 - 12.

These statements were approved by the board of directors on 7 September 2015 and were signed on its behalf by:



**J Potgieter**  
 Director

Company registered number: 6451882

## Reconciliation of movement in Shareholders' Funds

for the year ended 31 December 2014

	Profit and Loss Account	Capital Redemption Reserve	Share Capital	Total
	£		£	£
<b>Balance at 1 January 2013</b>	(1,524,000)	1,840,000	50,000	366,000
Profit for the period	90,283	-	-	90,283
Dividends paid	(405,499)	-	-	(405,499)
Capital reduction	1,840,000	-	(1,840,000)	-
Transfer to capital	-	(1,840,000)	1,840,000	-
<b>Balance at 31 December 2013</b>	<b>784</b>	<b>-</b>	<b>50,000</b>	<b>50,784</b>
<b>Balance at 1 January 2014</b>	784	-	50,000	50,784
Profit for the period	150,988	-	-	150,988
Dividends paid	(151,772)	-	-	(151,772)
<b>Balance at 31 December 2014</b>	<b>-</b>	<b>-</b>	<b>50,000</b>	<b>50,000</b>

The notes forming part of these financial statements are set out on pages 9 - 12.

## Notes to the financial statements

### 1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

#### 1.1 Basis of preparation

Birmingham Schools PSP Phase 1a Limited (the "Company") is a company incorporated in the United Kingdom.

##### *Cash flow statement:*

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

##### *Related party transactions:*

As the Company is a wholly owned subsidiary of Lend Lease PFI/PPP Infrastructure Fund LP, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group.

#### 1.2 Going Concern

The directors have assessed that the company will continue to be able to meet its financial liabilities as they fall due for the twelve months following the signing date of these financial statements. For this reason, the directors continue to adopt the going concern basis in preparing these financial statements.

#### 1.3 Dividends received

Dividends received relates to dividends received from Birmingham Schools SPC Holdings Phase 1a Limited. Dividends are recognised to the extent that they are declared prior to year-end.

#### 1.4 Interest receivable and other income

Interest receivable is derived from interest received on loan stock from Birmingham Schools SPC Holdings Phase 1a Limited. Interest is recognised on an accrued basis.

#### 1.5 Investments

Investments are stated at cost with adjustments made to the carrying value to reflect net realisable amounts where these are lower than cost. Management conducts impairment reviews annually.

#### 1.6 Directors' remuneration and employees

The directors did not receive any emoluments in respect of their services to the company. The company did not employ any staff during the period.

#### 1.7 Auditor's remuneration

Auditor's remuneration in respect of audit and other fees were paid by Lend Lease PFI/PPP Infrastructure Fund LP, the immediate parent undertaking.

#### 1.8 Taxation

The company is UK tax resident. The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred taxation is recognised in respect of all timing differences which have originated but not reversed by the balance sheet date, except as otherwise required by FRS 19.

**Notes to the financial statements (continued)**

	Year ended 31 December 2014 £	Year ended 31 December 2013 £
<b>2. Dividend income</b>		
Dividends received from Birmingham Schools SPC Holdings Phase 1a Limited	151,772	90,283
<b>3. Interest income</b>		
Interest received from Birmingham Schools SPC Holdings Phase 1a Limited	361,809	387,538
	361,809	387,538
<b>4. Interest expense</b>		
Interest payable to Lend Lease PFI/PPP Infrastructure Finance Limited	361,809	387,538
	361,809	387,538
<b>5. Taxation</b>		
<b>Analysis of charge in period – UK corporation tax</b>		
Current tax on income for the period	-	-
Tax on profit on ordinary activities	-	-
<b>Current tax reconciliation</b>		
Profit on ordinary activities before tax	150,988	90,283
Current tax at 21.5% (2013: 23.25%)	(32,462)	(20,991)
<i>Effects of:</i>		
Dividends received exempt from UK corporation tax	32,631	20,991
Non-deductible expenses	(169)	-
Total current tax (charge) / income (see above)	-	-

Legislation to reduce the main rate of UK Corporation tax from 21% to 20% from 1 April 2015 was substantively enacted as part of the Finance Bill 2013 on 2 July 2013. This will reduce the company's future current tax charge accordingly.

Notes to the financial statements (continued)

	Year ended 31 December 2014 £	Year ended 31 December 2013 £
<b>6. Investments</b>		
<b>At cost</b>		
Opening balance	36,000	36,000
Additions	-	-
Disposals	-	-
At end of the period	<u>36,000</u>	<u>36,000</u>
<b>Provisions</b>		
Opening balance	-	-
Disposals	-	-
At end of the period	<u>-</u>	<u>-</u>
Net book value	<u>36,000</u>	<u>36,000</u>

Birmingham Schools PSP Phase 1a Limited holds 72% of ordinary shares in Birmingham Schools SPC Holdings Phase 1a Limited

**7. Debtors**

**Debtors: amounts falling due within one year**

Other debtors	-	14,784
Interest receivable from Birmingham Schools SPC Holdings Phase 1a Limited	90,047	91,966
	<u>90,047</u>	<u>106,750</u>

**Debtors: amounts falling due after more than one year**

Other debtors	14,000	-
Loan stock due from Birmingham Schools SPC Holdings Phase 1a Limited	3,274,451	3,316,825
	<u>3,288,451</u>	<u>3,316,825</u>

The loan stock carries an interest rate of 11%. The loan falls due for redemption in 2036.

**8. Creditors : amounts falling due within one year**

Interest payable to Lend Lease PFI/PPP Infrastructure Finance Limited on loan stock	90,047	91,966
	<u>90,047</u>	<u>91,966</u>

**9. Creditors : amounts falling due after more than one year**

Loan stock due to Lend Lease PFI/PPP Infrastructure Finance Limited	<u>3,274,451</u>	<u>3,316,825</u>
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The loan due to Lend Lease PFI/PPP Infrastructure Finance Limited was converted to loan stock during 2011, with a repayment date of 2036. The interest rate payable is 10.875%.

**Notes to the financial statements** *(continued)*

	<b>Year ended 31 December</b>	<b>Year ended 31 December</b>
	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
<b>10. Called up share capital</b>		
<i>Called up and fully paid</i>		
Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

During 2013, there was issue of share capital of £1,840,000 followed by a share capital redemption for the same amount.

**11. Controlling parties**

The company is a wholly owned subsidiary undertaking of Lend Lease PFI/PPP Infrastructure Fund LP, which is registered in England and Wales. The group in which the results of the company are consolidated is that headed by Lend Lease PFI/PPP Infrastructure Fund LP. The consolidated financial statements of Lend Lease PFI/PPP Infrastructure Fund LP are not available to the public.