

**Report of the Directors and  
Financial Statements  
for the period  
1 April 2011 to 31 December 2011  
for  
BSFI Leisure Limited**

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**.BSFI Leisure Limited (Registered number: 06573612)**

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for the period 1 April 2011 to 31 December 2011**

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**BSFI Leisure Limited**

**Company Information  
for the period 1 April 2011 to 31 December 2011**

<b>DIRECTORS:</b>	G J Frost M J Gregory N R Singleton
<b>SECRETARY</b>	Ms A E Woods
<b>REGISTERED OFFICE:</b>	Two London Bridge London SE1 9RA
<b>REGISTERED NUMBER</b>	06573612 (England and Wales)
<b>SENIOR STATUTORY AUDITOR</b>	Jeremy Young
<b>AUDITORS:</b>	Ernst & Young LLP Statutory Auditor London

## **BSFI Leisure Limited (Registered number: 06573612)**

### **Report of the Directors for the period 1 April 2011 to 31 December 2011**

The directors present their report with the financial statements of BSFI Leisure Limited ('the company') for the period 1 April 2011 to 31 December 2011. All comparatives are for the year ended 31 March 2011.

#### **PRINCIPAL ACTIVITY**

The principal activity of the company in the period under review was that of financing of an entity which is involved in the design, construction, finance and operation of a leisure project in Leeds that is being procured by Leeds City Council through Environments for Learning Leeds PFI Three Limited.

#### **REVIEW OF BUSINESS**

Both the level of business and the period end financial position 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.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

The principal risk affecting the company is the performance of Environments for Learning Leeds PFI Three Limited as this generates its revenue. The immediate risk to the company of Environments for Learning Leeds PFI Three Limited underperforming is a decline in revenues, and, long-term, the risk that the company cannot meet its liabilities as they fall due.

#### **DIVIDENDS**

No dividends will be distributed for the period ended 31 December 2011 (31 March 2011, £nil).

#### **DIRECTORS**

The directors who have held office during the period from 1 April 2011 to the date of this report are as follows:

G J Frost - appointed 25 August 2011  
M J Gregory - appointed 25 August 2011  
N R Singleton - appointed 25 August 2011  
Ms C McComb - resigned 30 April 2011  
R Hoile - resigned 25 August 2011

#### **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,
- 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.

**BSFI Leisure Limited (Registered number: 06573612)**

**Report of the Directors  
for the period 1 April 2011 to 31 December 2011**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued**

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.


**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

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 this report of which the company's auditors are 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 company's auditors are aware of that information.

**AUDITORS**

The auditors, Ernst & Young LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD**

  
N R Singleton - Director  
Date 28/9/2012

## **Report of the Independent Auditors to the Members of BSFI Leisure Limited**

We have audited the financial statements of BSFI Leisure Limited for the period ended 31 December 2011 which comprise the profit and loss account, the balance sheet and the related notes 1 to 13. 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 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 Statement of Directors' Responsibilities set out on page two, 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. In addition, we read all the financial and non-financial information in the Report of the Directors to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **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 2011 and of its profit for the period 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
- 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.



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

Date 28 September 2012

**BSFI Leisure Limited (Registered number: 06573612)**

**Profit and Loss Account  
for the period 1 April 2011 to 31 December 2011**

	Notes	Period 1/4/11 to 31/12/11 £	Year ended 31/3/11 £
<b>TURNOVER</b>		-	-
Administrative expenses		<u>3,158</u>	<u>(2,400)</u>
<b>OPERATING PROFIT/(LOSS)</b>	3	<b>3,158</b>	<b>(2,400)</b>
Interest income		<u>22,158</u>	<u>26,245</u>
		<b>25,316</b>	<b>23,845</b>
Interest payable and similar charges	4	<u>(10,281)</u>	<u>(13,645)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>15,035</b>	<b>10,200</b>
Tax on profit on ordinary activities	5	<u>(3,909)</u>	<u>(1,540)</u>
<b>PROFIT FOR THE FINANCIAL PERIOD</b>		<u><b>11,126</b></u>	<u><b>8,660</b></u>

**CONTINUING OPERATIONS**

All items in the above statement derive from continuing operations

**TOTAL RECOGNISED GAINS AND LOSSES**

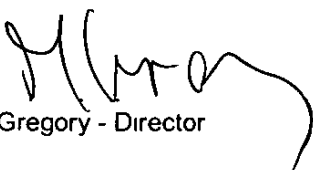
The company has no recognised gains or losses other than the loss above and therefore no separate statement of total recognised gains and losses has been prepared

# BSFI Leisure Limited (Registered number: 06573612)

## Balance Sheet 31 December 2011

		31 December 2011 £	31 March 2011 £
<b>FIXED ASSETS</b>	Notes		
Fixed Asset Investment	6	<u>250</u>	<u>250</u>
		250	250
<b>CURRENT ASSETS</b>			
Debtors	7	240,381	260,856
Cash at bank		<u>10,792</u>	<u>10,624</u>
		251,173	271,480
<b>CREDITORS</b>			
Amounts falling due within one year	8	<u>(11,971)</u>	<u>(37,653)</u>
<b>NET CURRENT ASSETS</b>		<u>239,202</u>	<u>233,827</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		239,452	234,077
<b>CREDITORS</b>			
Amounts falling due after more than one year	9	<u>(222,163)</u>	<u>(227,916)</u>
<b>NET ASSETS</b>		<u>17,289</u>	<u>6,161</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10	2	2
Profit and loss account	11	<u>17,287</u>	<u>6,159</u>
<b>SHAREHOLDERS' FUNDS</b>	12	<u>17,289</u>	<u>6,161</u>

The financial statements were approved by the Board of Directors on 28<sup>th</sup> September 2012 and were signed on its behalf by

  
M J Gregory - Director



## **BSFI Leisure Limited (Registered number: 06573612)**

### **Notes to the Financial Statements for the period 1 April 2011 to 31 December 2011**

#### **1 ACCOUNTING POLICIES**

##### **Accounting convention**

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

The 31 March 2011 comparatives have been represented to ensure consistency with current period presentation. These changes are presentational only and as a result there is no impact on the result for the year ended 31 March 2011 or net assets at that date

##### **Interest**

Interest income is accrued on a time basis, by reference to the principal outstanding and the applicable interest rate

##### **Borrowings**

Bonds, loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premium payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis in the profit or loss account using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise

##### **Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exception

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted

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 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 Leeds PFI Three Limited 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

##### **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 has taken advantage of the exemption in Financial Reporting Standard 8, paragraph 3c not to disclose transactions with other group companies which meet the criteria that all subsidiary undertakings which are party of the transactions are wholly owned by the ultimate controlling parent

##### **Investments**

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

**BSFI Leisure Limited (Registered number: 06573612)**

**Notes to the Financial Statements - continued  
for the period 1 April 2011 to 31 December 2011**

**2 STAFF COSTS**

The company has no employees and hence there were no staff costs for the period ended 31 December 2011 (31 March 2011 £nil)

**3 OPERATING PROFIT/(LOSS)**

The operating profit (31 March 2011 - operating loss) is stated after charging

	<b>Period 1/4/11 to 31/12/11 £</b>	<b>Year ended 31/3/11 £</b>
Auditors' remuneration	<u>-</u>	<u>(2,400)</u>

The directors received no salary, fees or other benefits in the performance of their duties in respect of their services to the company (31 March 2011, £nil) The audit fee for the company was borne by Building Schools for Future Investments LLP, BSFI Leisure Limited's immediate parent company In the current period £2,989 was taken through Administrative expenses as an accrual was written off

**4 INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>Period 1/4/11 to 31/12/11 £</b>	<b>Year ended 31/3/11 £</b>
Group Interest	<u>10,281</u>	<u>13,645</u>

**5 TAXATION**

**(a) Analysis of the tax charge**

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

**(b) Factors affecting tax charge for the period**

The prior tax credit for the year ending 31 March 2011 is lower than the standard rate of corporation tax in the UK of 28% The differences are explained below

	<b>Period 1/4/11 to 31/12/11 £</b>	<b>Year ended 31/3/11 £</b>
<b>Current tax reconciliation</b>		
Loss on ordinary activities before tax	15,035	10,200
Loss on ordinary activities multiplied by the standard rate of UK tax of 26% (31 March 2011 28%)	3,909	2,856
<b>Effects of.</b>		
Expenses not deductible for tax	-	(1,316)
<b>Current tax credit for the period</b>	<u>3,909</u>	<u>1,540</u>

**BSFI Leisure Limited (Registered number: 06573612)**

**Notes to the Financial Statements - continued  
for the period 1 April 2011 to 31 December 2011**

**5 TAXATION - continued**

**(c) Factors affecting future tax charges**

The UK corporation tax rate reduced to 26% from April 2011. Further reductions of 1% in each of the next three years were proposed in the March 2011 budget, taking the rate to 23% by April 2014.

In the budget of 21 March 2012, this proposal was amended such that the rate will reduce to 24% from April 2012, with a subsequent 1% reduction in each of the next two years taking the rate to 22%, by April 2014. The rate changes will impact the amount of future tax payments to be made by the company.

**6 FIXED ASSET INVESTMENT**

	<b>Interest in subsidiary Undertakings</b>
Net book value at 31 March 2011	250
Additions	-
<b>Net book value at 31 December 2011</b>	<b><u>250</u></b>

A list of significant investments in subsidiary undertakings and participating interests, including name, country of incorporation, and proportion of ownership interest, is noted below.

	<b>Country of Incorporation</b>	<b>Nature of Business</b>	<b>Ownership</b>
Environments for Learning Leeds Holdco Three Limited	UK	Holding Company	10%

**7 DEBTORS**

	<b>31 December 2011 £</b>	<b>31 March 2011 £</b>
Amounts falling due within one year		
Amounts owed by associates	10,561	34,376
Other debtors	<u>7,904</u>	<u>-</u>
	<b><u>18,465</u></b>	<b><u>34,376</u></b>
Amounts falling due after more than one year		
Amounts owed by associates	<u>221,916</u>	<u>226,480</u>
Aggregate amounts	<b><u>240,381</u></b>	<b><u>260,856</u></b>

Amounts due from associates represents loans to Environments for Learning Leeds PFI Three Limited and are interest bearing at 13% and are repaid over a fixed loan profile over the remaining life of the contracts.

**BSFI Leisure Limited (Registered number: 06573612)**

**Notes to the Financial Statements - continued  
for the period 1 April 2011 to 31 December 2011**

**8 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31 December 2011 £	31 March 2011 £
Amounts owed to group undertakings	6,588	36,179
Tax	5,383	1,474
	<u>11,971</u>	<u>37,653</u>

**9 CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	31 December 2011 £	31 March 2011 £
Amounts owed to group undertakings	<u>221,913</u>	<u>227,666</u>

Amounts due to group undertaking is due to Building Schools for the Future Investments LLP of which £250 is non-interest bearing lent to invest in equity in Environments for Learning Leeds Holdco Three Limited with the remaining being interest bearing at 6% and is repaid over a fixed loan profile over the remaining life of the contract

	31 December 2011 £	31 March 2011 £
Wholly repayable within five years	11,474	13,275
Not wholly repayable within five years	210,689	214,641
Total	<u>222,163</u>	<u>227,916</u>

**10 CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid Number	Class	Nominal value	31 December 2011 £	31 March 2011 £
1	Ordinary shares	£1	1	1
1	Preference shares	£1	1	1
<b>Total Share Capital</b>			<u>2</u>	<u>2</u>

In accordance with the articles of association the holder of the preference share may call on the company at any time prior to 12 July 2026 to redeem the share at par and therefore this preference share is in substance a liability

The preferred ordinary share entitles the bearer to be paid by way of distribution an amount equal to all profits and other distributions received by the Company which are Leeds Leisure Profits. On winding up of the company the bearer of the preferred share is entitled to repayment of the capital paid up on the preference share in priority to repayment of capital to other members of the company and to be entitled to all remaining Leeds Leisure profits. The bearer also has the right to attend, speak and vote at all general meetings, each preference share entitles the bearer to one vote. The preference share entitles the holder to appoint, from time to time, a director whether as an additional director, or to fill a vacancy and to also remove any such person from office.

**BSFI Leisure Limited (Registered number: 06573612)**

**Notes to the Financial Statements - continued  
for the period 1 April 2011 to 31 December 2011**

**11 RESERVES**

	<b>Profit and loss account £</b>
At 1 April 2011	<b>6,161</b>
Profit for the period	<b><u>11,126</u></b>
At 31 December 2011	<b><u>17,287</u></b>

**12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<b>31 December 2011 £</b>	<b>31 March 2011 £</b>
Profit for the financial period	<b><u>11,126</u></b>	<b><u>8,660</u></b>
<b>Net addition to shareholders' funds</b>	<b>11,126</b>	8,660
Opening shareholders' funds	<b><u>6,161</u></b>	<b><u>(2,499)</u></b>
<b>Closing shareholders' funds</b>	<b><u>17,287</u></b>	<b><u>6,161</u></b>

**13 ULTIMATE PARENT COMPANY**

The directors regard Building Schools for the Future Investments LLP, a partnership 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 Partnerships Limited which include the company, can be obtained from Heritage International Fund Managers Limited, Heritage Hall, PO Box 225, Le Marchant Street, St Peter Port, Guernsey GY1 4HY.