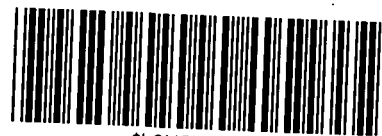


**Report of the Directors and
Financial Statements
for the Year Ended 31 December 2013
for
BSFI Leisure Limited**

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for the year ended 31 December 2013**

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BSFI Leisure Limited

Company Information for the year ended 31 December 2013

DIRECTORS:

G J Frost
M J Gregory
M A Anwer

SECRETARY:

A E Woods

REGISTERED OFFICE:

Two London Bridge
London
SE1 9RA

REGISTERED NUMBER:

06573612 (England and Wales)

AUDITORS:

Ernst & Young LLP
Statutory Auditor
London

BSFI Leisure Limited (Registered number: 06573612)

Report of the Directors for the year ended 31 December 2013

The directors present their report with the financial statements of the company for the year ended 31 December 2013.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the provision of subordinated debt to 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.

PRINCIPAL RISKS AND UNCERTAINTIES

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

REVIEW OF BUSINESS

The profit for the year of £17,208 (2012: £18,326) has been transferred to reserves. Both the level of business and the year 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

DIVIDENDS

The directors do not recommend the payment of a dividend for the year ended 31 December 2013 (2012: £nil).

GOING CONCERN

After making enquiries and having taken into account the long-term contracts in place in relation to the company's revenue, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence by meeting its liabilities as they fall due for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2013 to the date of this report.

G J Frost

M J Gregory

M A Anwer - appointed 30 June 2014

N R Singleton - resigned 18 July 2014

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.

**Report of the Directors
for the year ended 31 December 2013**

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.

DISCLOSURE OF INFORMATION TO 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 their 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.

ON BEHALF OF THE BOARD:



.....
M A Anwer - Director

Date: 04 SEPTEMBER 2014

Independent Auditor's Report to the Members of BSFI Leisure Limited

We have audited the financial statements of BSFI Leisure Limited for the year ended 31 December 2013 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 14. 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 set out on pages two and three, 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2013 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 not preparing the Strategic Report and take advantage of the small companies' exemption in preparing the directors' report.

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

Date: 4/9/2014

BSFI Leisure Limited (Registered number: 06573612)

Profit and Loss Account for the year ended 31 December 2013

	Notes	2013 £	2012 £
TURNOVER		-	-
Administrative expenses		<u>(79)</u>	<u>(33)</u>
OPERATING LOSS	3	(79)	(33)
Interest receivable and similar income		28,666	28,977
Income from fixed asset investments		<u>5,500</u>	<u>6,700</u>
		34,087	35,644
Interest payable and similar charges	4	<u>(13,345)</u>	<u>(13,356)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		20,742	22,288
Tax on profit on ordinary activities	5	<u>(3,534)</u>	<u>(3,962)</u>
PROFIT FOR THE FINANCIAL YEAR		<u>17,208</u>	<u>18,326</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 profits for the current year and previous year.

BSFI Leisure Limited (Registered number: 06573612)

Balance Sheet 31 December 2013

	Notes	2013 £	2012 £
FIXED ASSETS			
Investments	6	250	250
CURRENT ASSETS			
Debtors	7	225,217	228,928
Cash at bank		<u>52,507</u>	<u>41,047</u>
		277,724	269,975
CREDITORS			
Amounts falling due within one year	8	<u>(10,802)</u>	<u>(16,294)</u>
NET CURRENT ASSETS		<u>266,922</u>	<u>253,681</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		267,172	253,931
CREDITORS			
Amounts falling due after more than one year	9	<u>(214,350)</u>	<u>(218,317)</u>
NET ASSETS		<u>52,822</u>	<u>35,614</u>
CAPITAL AND RESERVES			
Called up share capital	10	1	1
Profit and loss account	11	<u>52,821</u>	<u>35,613</u>
SHAREHOLDER'S FUNDS	14	<u>52,822</u>	<u>35,614</u>

The financial statements were approved by the Board of Directors on 04 SEPTEMBER 2014 and were signed on its behalf by:



M J Gregory - Director

**Notes to the Financial Statements
for the year ended 31 December 2013**

1. ACCOUNTING POLICIES

Accounting convention

These financial statements have been prepared under the historical cost convention and in accordance with Companies Act 2006 and applicable accounting standards in the United Kingdom.

Going Concern

After making enquiries and having taken into account the long-term contracts in place in relation to the company's revenue, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence by meeting its liabilities as they fall due for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Interest

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

Loans Receivable

Loans receivable are recorded at the actual amounts paid. Interest incomes are accounted for on 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 received in the period in which they arise.

Loans Payable

Intercompany loans are recorded at the proceeds received. Finance charges, including premium payable on settlement are accounted for on 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 have occurred at that date that will result in an obligation to pay more, or a right to pay less tax 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 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.

Cash flow statement and related party disclosures

The company is a wholly-owned subsidiary of International Public Partnerships Limited Partnership and is 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.

2. STAFF COSTS

The company has no employees and hence there were no staff costs for the period ended 31 December 2013 (31 December 2012: £nil).

**Notes to the Financial Statements
for the year ended 31 December 2013 - continued**

3. OPERATING LOSS

The directors received no salary, fees or other benefits in the performance of their duties in respect of their services to the company (31 December 2012: £nil). The audit fee of £1,500 (2012: £1,500) for the company was borne by Building Schools for Future Investments LLP, BSFI Leisure Limited's immediate parent company.

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2013 £	2012 £
Other interest payable	151	-
Interest on intercompany loan	<u>13,194</u>	<u>13,356</u>
	<u>13,345</u>	<u>13,356</u>

5. TAXATION

Analysis of the tax charge

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

	2013 £	2012 £
Current tax:		
UK corporation tax	<u>3,534</u>	<u>3,962</u>
Tax on profit on ordinary activities	<u>3,534</u>	<u>3,962</u>

Factors affecting the current tax charge

The tax assessed for the year is lower than (2012: lower than) the standard rate of corporation tax in the UK. The difference is explained below:

	2013 £	2012 £
Profit on ordinary activities before tax	<u>20,742</u>	<u>22,288</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23.25% (2012 - 24.50%)	4,823	5,461
Effects of:		
Non-taxable dividend income	(1,279)	(1,642)
Prior year adjustment	<u>(10)</u>	<u>143</u>
Current tax charge	<u>3,534</u>	<u>3,962</u>

Factors that may affect future tax charges

The UK corporation tax rate reduced to 23% from April 2013. The rate will reduce to 21% from April 2014 and to 20% from April 2015. As at the balance sheet date, both of these future tax reductions had been "substantively enacted" and hence in accordance with accounting standards, they have been reflected within the company's financial statements as at 31 December 2013. The rate changes will impact the amount of future tax payments to be made by the company.

BSFI Leisure Limited (Registered number: 06573612)

Notes to the Financial Statements for the year ended 31 December 2013 - continued

6. FIXED ASSET INVESTMENTS

	£
COST	
At 1 January 2013	250
At 31 December 2013	<u>250</u>
NET BOOK VALUE	
At 31 December 2013	<u>250</u>
At 31 December 2012	<u>250</u>

Fixed assets investments comprise equity shares at cost. Legal entity name, country of incorporation and proportion of ownership interest are noted below:

	Country of Incorporation	Nature of Business Holding Company	Ownership
Environments for Learning Leeds Holdco Three Limited	UK		10.00%

7. DEBTORS

	2013 £	2012 £
Amounts falling due within one year:		
Amounts owed by fixed asset investments	<u>11,114</u>	<u>10,858</u>
Amounts falling due after more than one year:		
Amounts owed by fixed asset investments	<u>214,103</u>	<u>218,070</u>
Aggregate amounts	<u>225,217</u>	<u>228,928</u>

Amounts due from fixed assets investments represent 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.

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013 £	2012 £
Amounts owed to group undertakings	7,267	6,948
Corporation tax	3,534	9,345
Preference shares	<u>1</u>	<u>1</u>
	<u>10,802</u>	<u>16,294</u>

**Notes to the Financial Statements
for the year ended 31 December 2013 - continued**

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR - continued

In accordance with the article 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.

The preferred ordinary share entitles the bearer to be paid by way of distributions an amount equal to all profits and other distribution 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 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.

9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2013 £	2012 £
Amounts owed to group undertakings	<u>214,350</u>	<u>218,317</u>

Amounts owed to group undertakings are due to Building Schools for the Future Investments LLP. £250 of this balance is non-interest bearing provided to fund the investment in equity in Environments for Learning Leeds Holdco Three Limited. The remaining being interest bearing at 6% and is repaid over a fixed loan profile over the remaining life of the contract.

	2013 £	2012 £
Wholly repayable within two to five years	5,390	9,006
Not wholly repayable within five years	<u>208,960</u>	<u>209,311</u>
Total	<u>214,350</u>	<u>218,317</u>

10. CALLED UP SHARE CAPITAL

Number:	Class:	Nominal value:	2013 £	2012 £
1	Ordinary shares	£1	<u>1</u>	<u>1</u>

11. RESERVES

	Profit and loss account £
At 1 January 2013	35,613
Profit for the year	<u>17,208</u>
At 31 December 2013	<u>52,821</u>

**Notes to the Financial Statements
for the year ended 31 December 2013 - continued**

12. ULTIMATE PARENT COMPANY

The directors regards 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 Public Partnerships Limited Partnership (the smallest and the largest group of which the company is a member and for which group financial statements are prepared) can be obtained from the company's registered office, Two London Bridge, London, SE1 9RA.

13. POST BALANCE SHEET EVENTS

On 31 January 2014, the company entered into agreement with unrelated third party to dispose of its investment in equity and subordinated debt in Environmental for Learning Leeds Holdco Three Limited subject to condition in the agreement. The sale process was concluded on 7 April 2014.

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2013	2012
	£	£
Profit for the financial year	<u>17,208</u>	<u>18,326</u>
Net addition to shareholder's funds	17,208	18,326
Opening shareholder's funds	<u>35,614</u>	<u>17,288</u>
Closing shareholder's funds	<u>52,822</u>	<u>35,614</u>