

## **Carillion Private Finance (Education) 2012 Limited**

Directors' report and financial statements

Registered number      8113991

For the year ended      31 December 2013

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## Directors' report

The directors present their directors' report together with the audited financial statements for the year ended 31 December 2013.

### Principal activities

The principal activity of the company is that of investment in undertakings, which develop and operate projects under the Private Finance Initiative.

The directors anticipate that the company will continue its present role during 2014.

### Business review

During the year the company sold 90% of its 80% interest in Inspiredspaces Rochdale (Holdings 1) Limited, generating a profit on disposal of £1,919,000.

The company's key performance indicators are profit before tax and return on capital employed. The profit on ordinary activities before taxation was £4,856,000 (2012: £747,000). Return on capital employed (calculated as profit before tax : net assets) was 99% (2012: 1,428%).

The principal risks facing the business are that the value of investments in undertakings, which are dependent on the success of the underlying projects, might be less than anticipated and the risk that Carillion Private Finance (Education) 2012 Limited might have to inject cash into undertakings to maintain their value. The directors manage this risk through close involvement in the management of the underlying projects and regular monitoring of their performance.

### Profit and dividends

The profit on ordinary activities before taxation was £4,856,000 (2012: £747,000).

A dividend of £Nil was declared and paid during the year (2012: £695,407), being £Nil per share (2012: £695,407 per share).

### Directors

The directors serving during the year and subsequently were:

RJ Adam  
FR Herzberg  
RJ Howson

### Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves 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 auditors will be deemed to be re-appointed and KPMG Audit Plc will therefore continue in office.

Approved by the Board on 08 May 2014 and signed on its behalf by:



**FR Herzberg**  
Director

24 Birch Street  
Wolverhampton  
WV1 4HY

#### **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.



**KPMG Audit Plc**

One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH

### **Independent auditor's report to the members of Carillion Private Finance (Education) 2012 Limited**

We have audited the financial statements of Carillion Private Finance (Education) 2012 Limited for the year ended 31 December 2013 set out on pages 7 to 15. 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 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, 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 (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 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 2013 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 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.
- the directors were not entitled to not prepare a strategic report, in accordance with the small companies regime.



**Robert Pound**  
(Senior Statutory Auditor)  
for and on behalf of KPMG Audit Plc, Statutory Auditor  
Chartered Accountants

14/5/2014

**Profit and loss account**  
*for the period ended 31 December 2013*

			<b>Period ended 31 December</b>
	<i>Note</i>	<b>2013 £000</b>	<b>2012 £000</b>
Other operating income		-	-
<b>Operating result</b>		-	-
Profit on disposals	3	<b>1,919</b>	-
<b>Operating profit after exceptional items</b>		<b>1,919</b>	-
Income from shares in participating interest		<b>2,937</b>	<b>747</b>
Interest receivable and similar income	4	<b>417</b>	<b>354</b>
Interest payable and similar charges	5	<b>(417)</b>	<b>(354)</b>
<b>Profit on ordinary activities before taxation</b>		<b>4,856</b>	<b>747</b>
Tax on profit on ordinary activities	6	-	-
<b>Profit for the financial period</b>	13	<b>4,856</b>	<b>747</b>

All activities relate to continuing operations.

There is no difference between the results as disclosed in the profit and loss account and the result on an unmodified historical cost basis in either the current financial year or preceeding period.

There were no other recognised gains or losses in the current financial year or preceeding period.

**Balance sheet**  
*at 31 December 2013*

	Note	£000	2013 £000	£000	2012 £000
<b>Fixed assets</b>					
Investments	8		<u>2,786</u>		<u>4,407</u>
			2,786		4,407
<b>Current assets</b>					
Debtors	9	<u>2,310</u>		<u>70</u>	
		2,310		70	
Creditors: amounts falling due within one year	10	<u>(181)</u>		<u>(68)</u>	
<b>Net current assets</b>			2,129		2
Creditors: amounts falling due after more than one year	11		(7)		(4,357)
<b>Net assets</b>			<u><u>4,908</u></u>		<u><u>52</u></u>
<b>Capital and reserves</b>					
Called up share capital	12		-		-
Profit and loss account	13		4,908		52
<b>Equity shareholder's funds</b>	14		<u><u>4,908</u></u>		<u><u>52</u></u>

These financial statements were approved by the Board of Directors on 08 May 2014 and were signed on its behalf by :



**FR Herzberg**  
 Director

Company registered number 8113991

## **Carillion Private Finance (Education) 2012 Limited**

### **Notes**

*(forming part of the financial statements)*

#### **1. Principal accounting policies**

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

#### **Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with applicable UK Accounting Standards.

#### **Going concern**

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Business Review section of the Director's Report.

The company participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries. The directors, having assessed the responses of the directors of the company's ultimate parent Carillion plc to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Carillion group to continue as a going concern or its ability to continue with the current banking arrangements. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue, although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result in the basis of preparation being inappropriate.

#### **Cash flow statement**

Under FRS1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that Carillion plc, the company's ultimate parent undertaking, includes the company's cash flows in its own published consolidated cash flow statement.

#### **Group financial statements**

These financial statements present information about the company as an individual company and not about its group. The company is exempt under Section 400 of the Companies Act 2006 from the obligation to prepare group financial statements and to deliver them to the Registrar of Companies as it is a wholly owned subsidiary undertaking of another UK corporate body.

#### **Investments**

Fixed asset investments are stated at cost less provisions for any permanent diminution in the carrying value of the investment.

#### **Taxation**

The charge for taxation is based on the result for each year and takes into account deferred taxation. Deferred tax assets or liabilities arise from timing differences between the recognition of gains and losses in the financial statements and their recognition in the tax computation which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19. Liabilities are calculated on a non-discounted full provision basis. Assets are calculated on the same basis, but are recognised only to the extent that it is probable that they will be recovered.

#### **Interest payable and similar charges**

Interest payable is charged to the profit and loss account as incurred.

#### **Interest receivable and similar income**

Interest receivable is credited to the profit and loss account as earned.

#### **Dividends on shares presented within Shareholder's funds.**

Dividends are only recognised as a liability at the balance sheet date to the extent that they are declared prior to year end. Unpaid dividends that do not meet this criteria are disclosed in the notes to the financial statements.

#### **Dividends received from participating interests**

Dividends received from participating interests are credited to the profit and loss account when received.



**Notes (continued)**

**2. Directors, employees and auditor's fee**

The company had no employees other than its directors (2012: none), none of whom received or waived any remuneration (2012: £Nil).

The audit fee for the year ended 31 December 2013, amounting to £1,000 (2012: £1,000) was borne by Carillion Construction Limited, a fellow group subsidiary.

Fees paid to the company's auditor, KPMG Audit Plc, and its associates for services other than the statutory audit of the company are not disclosed in these financial statements since the consolidated financial statements of the company's parent, Carillion plc, are required to disclose non-audit fees on a consolidated basis.

**3 Profit on disposals**

	2013 £000	2012 £000
Profit on disposal of investments	1,919	-
	<u>1,919</u>	<u>-</u>

During the year, the company sold its 90% of its 80% interest in Inspiredspaces Rochdale (Holdings 1) Limited for cash consideration of £4,075,000 (including payment for associate loans and before disposal costs), generating a profit on disposal of £1,919,000.

**4. Interest receivable and similar income**

	2013 £000	Period ended 31 December 2012 £000
Interest receivable from participating interests	417	354
	<u>417</u>	<u>354</u>

Notes (continued)

5. Interest payable and similar charges

	Period ended 31 December	
	2013	2012
	£000	£000
Interest payable to immediate parent undertaking	417	354
	<u>417</u>	<u>354</u>

6. Tax on profit on ordinary activities

	Period ended 31 December	
(a) Analysis of taxation charge in the year / period	2013	2012
	£000	£000
<b>UK corporation tax</b>		
Current tax	-	-
<b>Total current taxation</b>	<u>-</u>	<u>-</u>
<b>Total taxation on profit on ordinary activities</b>	<u>-</u>	<u>-</u>

(b) Factors affecting the tax charge for the current year / period

The current period tax charge for the year is lower (2012: lower) than the standard rate of 23.25 % (2012: 24%). The difference is explained below:

	Period ended 31 December	
	2013	2012
	£000	£000
<b>Current tax reconciliation</b>		
Profit on ordinary activities before taxation	<u>4,856</u>	<u>747</u>
Tax on profit on ordinary activities at 23.25% (2012: 24%)	1,129	179
Effects of:		
Non-taxable capital profits	(446)	-
Dividends from UK companies	(683)	(179)
<b>Current tax charge for the year</b>	<u>-</u>	<u>-</u>

(c) Factors that may affect future tax charges

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012, respectively. Further reductions to 21% effective from 1 April 2014 and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly. It has not yet been possible to quantify the full anticipated effect of the announced further rate reductions.

There is no recognised or unrecognised deferred tax.

7. Equity dividends

	Period ended 31 December	
	2013	2012
	£000	£000
Ordinary dividends at £Nil per share (2012: £695,407 per share):	<u>-</u>	<u>695</u>

Notes (continued)

8. Investments

	Shares in participating interests £000	Loans to participating interests £000	Total £000
<b>Cost</b>			
At beginning of year	48	4,359	4,407
Additions	-	531	531
Repayment	-	(82)	(82)
Disposals	(21)	(2,049)	(2,070)
At year end	27	2,759	2,786
<b>Net book value</b>			
At 31 December 2013	27	2,759	2,786
At 31 December 2012	48	4,359	4,407

During the year the company sold 90% of its 80% interest in Inspiredspaces Rochdale (Holdings 1) Limited.

During the year the company invested loans and received repayments of loans in Inspiredspaces Wolverhampton (Holdings 1) Limited and Inspiredspaces Rochdale (Holdings 1) Limited. The company also received repayments of loans in Inspiredspaces STaG (Holdings 1) Limited, Inspiredspaces STaG (Holdings 2) Limited, Inspiredspaces Nottingham (Holdings 1) Limited, Inspiredspaces Tameside (Holdings 1) Limited, Inspiredspaces Tameside (Holdings 2) Limited and Inspiredspaces Durham (Holdings 1) Limited.

Application has been made to dissolve the subsidiary Inspiredspaces Tameside (PSP2) Limited.

The loans and equity in these companies was previously held by another Group company; Carillion Private Finance (Education) Limited which was sold during 2012.

Principal participating interests

Name of company	Ordinary shares capital held	Nature of business	Country of incorporation
<b>Subsidiary undertakings</b>			
Inspiredspaces Rochdale (PSP2) Limited	100%	Private Finance	Great Britain
<b>Participating interest</b>			
Inspiredspaces STaG (Holdings 1) Limited*	4.4%	Private Finance	Great Britain
Inspiredspaces STaG (Holdings 2) Limited*	4.4%	Private Finance	Great Britain
Inspiredspaces Nottingham (Holdings 1) Limited**	8%	Private Finance	Great Britain
Inspiredspaces Nottingham (Holdings 2) Limited***	80%	Private Finance	Great Britain
Inspiredspaces Tameside (Holdings 1) Limited****	8%	Private Finance	Great Britain
Inspiredspaces Tameside (Holdings 2) Limited****	8%	Private Finance	Great Britain
Inspiredspaces Durham (Holdings 1) Limited*****	8%	Private Finance	Great Britain
Inspiredspaces Wolverhampton (Holdings 1) Limited*****	8%	Private Finance	Great Britain
Inspiredspaces Rochdale (Holdings 1) Limited*****	8%	Private Finance	Great Britain
Inspiredspaces Rochdale (Holdings 2) Limited*****	80%	Private Finance	Great Britain

\* interest held through Inspiredspaces STaG (PSP 1) Limited

\*\* interest held through Inspiredspaces Nottingham (PSP 1) Limited

\*\*\* interest held through Inspiredspaces Nottingham (PSP 1) Limited and Inspiredspaces Nottingham (PSP 3) Limited

\*\*\*\* interest held through Inspiredspaces Tameside (PSP 1) Limited

\*\*\*\*\* interest held through Inspiredspaces Durham (PSP 1) Limited

\*\*\*\*\* interest held through Inspiredspaces Wolverhampton (PSP1) Limited

\*\*\*\*\* interest held through Inspiredspaces Rochdale (PSP1) Limited and Inspiredspaces Rochdale (PSP2) Limited

\*\*\*\*\* interest held through Inspiredspaces Rochdale (PSP1) Limited and Inspiredspaces Rochdale (PSP3) Limited

These companies are all involved in the development and operation of projects under the Private Finance Initiative.

9. Debtors

	2013 £000	2012 £000
Amounts owed by group undertakings	2,221	-
Amounts owed by participating interests	81	70
Other debtors	8	-
	<b>2,310</b>	<b>70</b>
	2013 £000	2012 £000
<b>Included within debtors are the following amounts falling due after more than on year:</b>		
Amounts owed by group undertakings	2,221	-
	<b>2,221</b>	<b>-</b>

Amounts owed by fellow group undertakings bear interest at a rate which reflects the cost of borrowing to the group.

All debtor amounts are due within one year.

Amounts owed by participating interests include amounts which incur interest at various fixed rates. All are unsecured.

Notes (continued)

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

	<b>2013</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>
Amounts owed to immediate parent undertaking	<b>81</b>	<b>68</b>
Accruals and deferred income	<b>100</b>	<b>-</b>
	<b>181</b>	<b>68</b>

Amounts owed to parent undertakings include amounts which incur interest at various fixed rates. All are unsecured and are repayable on demand.

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

	<b>2013</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>
Amounts owed to group undertakings	<b>-</b>	<b>1,479</b>
Amounts owed to parent undertakings	<b>7</b>	<b>2,878</b>
	<b>7</b>	<b>4,357</b>

Amounts owed to parent undertakings include amounts which incur interest at various fixed rates. All are unsecured.

**12. Called up share capital**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Allotted, called up and fully paid:		
1 ordinary share of £1 each	<b>1</b>	<b>1</b>

Notes (continued)

13. Reserves

	Profit and loss account	Total
	£000	£000
At beginning of year	52	52
Profit for the financial year	4,856	4,856
Dividends paid to equity shareholder	-	-
At the end of the year / period	<u>4,908</u>	<u>4,908</u>

14. Reconciliation of movements in shareholder's funds

	2013 £000	2012 £000
Profit for the financial year	4,856	747
Dividend paid to equity shareholder	-	(695)
Net increase in equity shareholder's funds	4,856	52
Equity shareholder's funds at the start of the year	52	-
Equity shareholder's funds at the end of the year / period	<u>4,908</u>	<u>52</u>

15. Capital commitments

The company has committed to invest £4.8 million (2012: £5.3 million) of equity and subordinate debt in the undertakings in which it has taken an interest. These commitments fall due as follows:

	2013 £000	2012 £000
The company has capital commitments as follows:		
Within one year	4,822	524
Between one and two years	-	4,822
	<u>4,822</u>	<u>5,346</u>

Notes (continued)

**16. Related party transactions**

As a wholly-owned subsidiary of Carillion plc, the company has taken advantage of the exemption under FRS 8: "Related party disclosures" not to provide information on related party transactions with other wholly owned undertakings within the Carillion Group. Note 17 gives details of how to obtain a copy of the published financial statements of Carillion plc.

The company has the following related party transactions and balances due from participating interests

	2013 £000	2012 £000
<b>Balances due</b>		
Inspiredspaces STaG (Holdings 1) Limited	5	5
Inspiredspaces STaG (Holdings 2) Limited	7	7
Inspiredspaces Nottingham (Holdings 1) Limited	7	7
Inspiredspaces Nottingham (Holdings 2) Limited	-	1
Inspiredspaces Durham (Holdings 1) Limited	13	13
Inspiredspaces Tameside (Holdings 1) Limited	10	10
Inspiredspaces Tameside (Holdings 2) Limited	17	18
Inspiredspaces Rochdale (Holdings 1) Limited	6	8
Inspiredspaces Rochdale (Holdings 2) Limited	-	1
Inspiredspaces Wolverhampton (Holdings 1) Limited	16	-
<b>Loans due</b>		
Carillion Private Finance Limited	-	1,479
Inspiredspaces Tameside (PSP2) Limited	-	2,878
Inspiredspaces Rochdale (PSP2) Limited	7	-
<b>Transactions during the year</b>		
Interest Receivable:		
Inspiredspaces STaG (Holdings 1) Limited	15	15
Inspiredspaces STaG (Holdings 2) Limited	21	21
Inspiredspaces Nottingham (Holdings 1) Limited	29	22
Inspiredspaces Durham (Holdings 1) Limited	50	39
Inspiredspaces Tameside (Holdings 1) Limited	38	29
Inspiredspaces Tameside (Holdings 2) Limited	69	55
Inspiredspaces Rochdale (Holdings 1) Limited	142	173
Inspiredspaces Wolverhampton (Holdings 1) Limited	53	-
Dividends Received:		
Inspiredspaces Tameside (PSP2) Limited	2,863	695
Inspiredspaces Tameside (Holdings 1) Limited	-	21
Inspiredspaces Tameside (Holdings 2) Limited	-	9
Inspiredspaces Durham (Holdings 1) Limited	8	-
Inspiredspaces STaG (Holdings 1) Limited	12	-
Inspiredspaces STaG (Holdings 2) Limited	9	-
Inspiredspaces Rochdale (Holdings 1) Limited	45	22
<b>Capital repayments</b>		
Inspiredspaces STaG (Holdings 1) Limited	1	1
Inspiredspaces STaG (Holdings 2) Limited	4	14
Inspiredspaces Nottingham (Holdings 1) Limited	3	2
Inspiredspaces Durham (Holdings 1) Limited	7	3
Inspiredspaces Tameside (Holdings 1) Limited	3	1
Inspiredspaces Tameside (Holdings 2) Limited	8	25
Inspiredspaces Rochdale (Holdings 1) Limited	13	492
Inspiredspaces Wolverhampton (Holdings 1) Limited	43	-
	<b>82</b>	<b>538</b>

The loan balances between the company and its participating interest are disclosed in note 8.

**17. Controlling and parent companies**

The company is a wholly-owned subsidiary of Carillion Private Finance Limited, which is incorporated in Great Britain.

The company's ultimate parent undertaking is Carillion plc, which is incorporated in Great Britain.

The consolidated financial statements of Carillion plc are available to the public and can be obtained from 24 Birch Street, Wolverhampton, WV1 4HY.