

E4i Schools Limited

Directors' Report and Financial Statements

For the period ended 31 March 2009
Registered Number SC342703

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Directors' Report and Financial Statements

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Directors' Report

The Directors present their report and audited financial statements for the period ended 31 March 2009.

Incorporation

The Company was incorporated on 12 May 2008.

Principal Activity and Review of business & future developments

The company is a wholly owned subsidiary of E4i Holdings Limited.

The principal activity of E4i Schools Ltd is to design, build and maintain 4 school buildings at All Saints Primary School, Alileymill Primary School, Notre Dame High School and Bayhill Secondary School, within a PPP contract with Inverclyde Council.

The result for the period under review is set out in the profit and loss account on page 4.

The directors consider the performance of the company during the period, the financial position at the end of the period and its prospects for the future to be satisfactory.

The company considers that its main risks and uncertainties are ensuring that construction of schools are completed on time as the company requires to be paid its unitary charge by the Council so that it can pay its funding costs.

The company's future plans are to complete construction and maintain them until the end of the concession period.

Results and Dividend

The results for the period are set out in the attached Profit and Loss Account. The loss for the period before taxation is £10,260. The directors do not recommend payment of a dividend.

Directors and Directors' Interests

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

M Baxter	(Appointed 12 th May 2008)
A Birch	(Appointed 5 th September 2008)
B Dalglish	(Appointed 5 th September 2008)
D Fletcher	(Appointed 5 th September 2008)
K Gill	(Appointed 12 th May 2009)
R Jack	(Appointed 5 th September 2008)
P McVey	(Appointed 5 th September 2008)
S Rickwood	(Appointed 5 th September 2008)
A Scott (<i>Alternate Director</i>)	(Appointed 24 th March 2009)

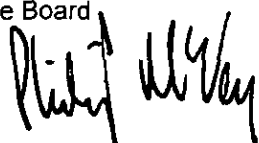
None of the directors have any interest in the share capital of the company.

Auditors

Baker Tilly UK Audit LLP offer themselves for re-appointment in accordance with Section 385 of the Companies Act.

On behalf of the Board

Chairman



14/9/09

Statement of Directors' Responsibilities

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 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:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. 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 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

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Independent Auditors' Report to the Members of e4i Schools Limited

We have audited the financial statements on pages 4 to 12.

This report is made solely to the company's members, as a body, in accordance with sections 495 and 496 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 auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with United Kingdom generally Accepted Accounting Practice and have been prepared in accordance with the Companies Act 2006. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition, we report to you if, in our opinion, the company has not kept adequate accounting records or if we have not received all the information and explanations we require for our audit, or if certain disclosures of directors' remuneration specified by law are not made.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion

- the financial statements give a true and fair view of the state of the company's affairs at 31 March 2009 and of its loss for the period then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report is consistent with the financial statements.

Baker Tilly UK Audit LLP

BAKER TILLY UK AUDIT LLP
Registered Auditor
Chartered Accountants
First Floor, Quay 2
139 Fountainbridge
Edinburgh, EH3 9QG

17/4/09

Profit and Loss Account
for the period ended 31 March 2009

	<i>Note</i>	Period ended 31 March 2009 £
Turnover		17,728,879
Cost of Sales		(17,728,879)
		<hr/>
Gross profit		-
Administrative Expenses		(10,260)
		<hr/>
Operating Loss		(10,260)
Interest receivable		-
Interest payable		-
		<hr/>
Loss on ordinary activities before taxation	3	(10,260)
Taxation	4	2,155
		<hr/>
Loss on ordinary activities after taxation		(8,105)
		<hr/> <hr/>

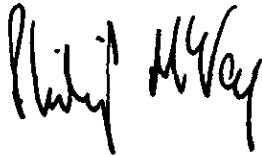
None of the company's activities were acquired or discontinued during the above financial period.

No separate Statement of Total Recognised Gains and Losses has been presented as all gains and losses have been dealt with in the Profit and Loss account.

Balance Sheet
As at 31 March 2009

	Note	As at 31 March 2009 £
Current Assets		
Amounts recoverable on Long Term Contracts		17,728,879
Debtors	5	730,686
Cash at bank and in hand		553,253
		<hr/> 19,012,818
 Creditors: amounts falling due within one year	 6	 (1,643,835)
 Current assets less current liabilities		 <hr/> 17,368,983
 Creditors : amounts falling due after more than one year	 7	 (17,376,088)
 Net liabilities		 <hr/> (7,105) <hr/>
 Capital and reserves		
Called up share capital	8	1,000
Profit and loss account	9	(8,105)
 Equity shareholders' deficit	 10	 <hr/> (7,105) <hr/>

The financial statements on pages 4 to 12 were approved by the board of directors and authorised for issue on 14/09/09 and are signed on its behalf by:



Chairman/Director

Cashflow
As at 31 March 2009

	Note	As at 31 March 2009 £
Cash flow from operating activities	11	905,044
Taxation		-
Capital expenditure and financial investment	11	(17,728,879)
		<hr/> (16,823,835) <hr/>
Equity dividends paid		-
Cash outflow before management of liquid resources financing		(16,823,835)
Financing	11	17,377,088
		<hr/>
Increase in cash in period		553,253 <hr/>

Reconciliation of Net cash flow to movement of Net Debt

	As at 31 March 2009 £
Increase in cash in the period	553,253
Change in net debt resulting from cash flows	(17,376,088)
	<hr/>
Movement in net debt in the period	16,822,835
Net debt at 12 May 2008	-
	<hr/>
Net debt at 31 March 2009	16,822,835 <hr/>

Notes – 31 March 2009

(forming part of the accounts)

1. Accounting policies

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

Basis of preparation

The financial statements have been prepared under the historic cost convention and in accordance with applicable accounting standards in the United Kingdom.

Turnover

Turnover represents the value of work done and services rendered. It arises entirely in the UK and excludes value added tax.

Capital instruments

Shares are included in shareholder funds. Other debt instruments, which contain an obligation to repay, are classified as liabilities. The finance cost recognised in the profit and loss account in respect of capital instruments other than shares is allocated to periods over the operating life of the instrument to which they relate at a constant rate on the carrying amount.

Amounts recoverable on long term contracts

During the construction phase of the project SSAP 9 "Stocks and Long Term Contracts" principles have been applied. As such any costs incurred are shown as work in progress.

Work in progress is valued at the lower of cost and net realisable value. Costs of work in progress include overheads appropriate to the stage of construction. Net realisable value is based upon estimated selling price less further costs expected to be incurred to completion and disposal.

In accordance with Financial Reporting Standard (FRS 5) Application Note F, the costs at the end of the construction phase will be recorded as a Finance Debtor on the balance sheet.

2. Directors' Remuneration

	Period ended 31 March 2009 £
Amounts paid to third parties in consideration for services of directors	30,000
	<hr/> 30,000 <hr/>

Notes – 31 March 2009

(forming part of the accounts)

3. Loss on ordinary activities before taxation

	Period ended 31 March 2009 £
<i>Loss on ordinary activities before taxation is stated after charging</i>	
Auditors Remuneration;	
- Audit Fees	3,140
- Other services	7,120
	<hr/> 10,260 <hr/>

4. Tax on profit and Ordinary Activities

	Period ended 31 March 2009 £
a) Analysis of charge in period	
Current Tax:	
UK Corporation tax on profits of the period	-
Adjustment in respect of previous periods	-
	<hr/>
Total current tax (per note B)	-
Deferred Tax	(2,155)
Adjustment in respect of previous periods	-
	<hr/>
Tax on profit on ordinary activities	(2,155) <hr/>
b) Factors affecting tax charge for the period	
The tax assessed for the period differs from the small companies rate of corporation tax (21%)	
The differences are explained as follows:	
Profit/(Loss) on ordinary activities multiplied by 21%	(2,155)
Losses carried forward	2,155
	<hr/>
Current tax charge for the period (note a)	- <hr/>
Deferred Taxation	
The deferred tax liability/(asset) which has been recognised in the accounts is as follows:	
Trade losses	(2,155)
	<hr/>
	(2,155) <hr/>

Notes – 31 March 2009

(forming part of the accounts)

5. Debtors

	As at 31 March 2009 £
VAT	366,005
Prepayments	362,526
Deferred Tax Asset	2,155
	<u>730,686</u>

6. Creditors : amounts falling within one year

	As at 31 March 2009 £
Trade Creditors	1,573,635
Accruals	70,200
	<u>1,643,835</u>

7. Creditors : amounts falling after more than one year

	As at 31 March 2009 £
Bank loan at fixed rate, repayable in instalments commencing September 2011	10,520,660
Loan from parent company	6,855,428
	<u>17,376,088</u>

The maturity of debt is as follows:

In one year or less or on demand	-
Between one year and two years	-
Between two years and five years	9,840,945
In five years or more	7,535,143
	<u>17,376,088</u>

The bank loan is repayable, by bi-annual instalments over 29 years commencing September 2011 and ending July 2039. The loan bears an interest rate of 5.74% p.a. charged from September 2011. The parent loan is wholly repayable in September 2011.

Bank loans are secured by a floating charge over the assets of the company, an assignation of the Project Accounts, the contract rights and a fixed charge in respect of the hedging agreement of the company. In addition the bank holds a Parent Security Agreement incorporating a floating charge over the assets of the ultimate parent company, E4i Holdings Limited.

Under the agreement the parent company pledges as security its interest in the shares and shareholders loans.

Notes – 31 March 2009
(forming part of the accounts)

8. Share Capital

	As at 31 March
	2009
	£
Authorised, Allotted, called up and fully paid	1,000
	<hr/>

9. Profit and loss account

	As at 31 March
	2009
	£
Movement in year	(8,105)
	<hr/>
At end of period	(8,105)
	<hr/>

10. Reconciliation of movement in shareholders' funds

	As at 31 March
	2009
	£
Share capital issued	1,000
Result for period	(8,105)
	<hr/>
Closing shareholders' funds	(7,105)
	<hr/>

11. Analysis of cashflows for headings netted in the Cash flow statement

Reconciliation of Net Cash flow from operating activities to operating loss

	As at
	31 March 2009
	£
Operating loss	(10,260)
Increase in Debtors	(728,531)
Increase in Creditors	1,643,835
	<hr/>
	905,044
	<hr/>

Notes – 31 March 2009

(forming part of the accounts)

Capital Expenditure and financial investment

	As at 31 March 2009 £
Construction costs	(17,728,879)
	<hr/> (17,728,879) <hr/>

Financing

	As at 31 March 2009 £
Issue of ordinary shares	1,000
Debt received	17,376,088
	<hr/> (17,377,088) <hr/>

12. Transactions with Related Parties

All of the following related parties that transacted with E4i Schools Limited are significant shareholders of the ultimate parent company E4i Holdings Limited.

During the period, E4i Holdings Ltd, the ultimate parent company, provided an inter company loan of £6,855,428 to E4i Schools Limited. This loan remains outstanding at 31 March 2009.

During the period, Miller Construction (UK) Ltd invoiced £16,199,753 in respect of construction & professional services. At the end of the period £1,552,500 was owed to Miller Construction (UK) Ltd for professional services.

During the period, Forth Services Limited invoiced £317,500 in respect of professional services. At the end of the period £nil was owed to Forth Services Limited for professional services.

During the period Semperian Asset Management Limited invoiced £34,000 in respect of professional services. At the end of the period £nil was owed to Semperian Asset Management Limited.

During the period, Cyril Sweet Investments Limited invoiced £91,818 in respect of professional services. At the end of the period, £nil was owed to Cyril Sweet Investments Limited for professional services.

Notes – 31 March 2009

(forming part of the accounts)

13. Capital Commitments

At 31 March 2009, E4i Schools had capital commitments totalling £65,354,842.

14. Ultimate parent company

The company's ultimate parent company is E4i Holdings Limited, which is registered and incorporated in Great Britain.

15. Going Concern

The company financial statements have been prepared on a going concern basis on the assumption that ongoing support will be received from E4i Holdings Limited: the ultimate parent company and the company's bankers and the current expectation that the PFI project in which the company is participating in will be profitable in the future. The Directors believe that this support will continue and are satisfied as to the expectation of the future profitability of the project.