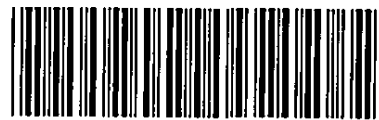


# **E4i Schools Limited**

## **Directors' Report and Financial Statements**

For the year ended 31 March 2013  
Registered Number SC342703

MONDAY



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SCT 30/09/2013 #142  
COMPANIES HOUSE

## **Directors' Report and Financial Statements**

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## Directors' Report

The Directors present their report and audited financial statements for the year ended 31 March 2013.

### Principal Activity

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

### Review of business and future developments

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

The company considers that its main risks lie within the banking sector and ensuring that they are able to pay the funding costs. To do this, the company needs to receive timely payment of its unitary charge.

E4i Schools Limited monitors actual performance against plan being the financial close model on a monthly basis and this is reported to the board. There are no major variances to date.

The company's future plans are to operate and maintain all of the school buildings until the end of the concession period.

### Results and Dividend

The results for the year are set out in the attached Profit and Loss Account. The profit for the year before taxation is £437,605 (2012: £939,289). During the year a dividend of £350,000 were declared and paid (2012: £nil).

### Directors

The Directors who held office were as follows:

F D'alonzo  
D Fletcher  
R Jack  
R Christie (Resigned 6<sup>th</sup> August 2013)  
K Gill (Resigned 5<sup>th</sup> July 2012)  
K McLellan (Resigned 14<sup>th</sup> March 2013)  
A Ritchie (Resigned 14<sup>th</sup> March 2013)  
D Anderson, Alternate Director (Resigned 5<sup>th</sup> July 2012)  
S Jones (Appointed 6<sup>th</sup> August 2013)

### 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.

On behalf of the Board

R Jack  
Director



Date: 26/9/13

## **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 accounting 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.

## Independent Auditor's Report to the Members of E4i Schools Limited

We have audited the financial statements on pages 4 to 11. 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 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 more fully explained in the Directors' Responsibilities Statement set out on page 2, 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 [http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-\(issued-1-December-2010\).aspx](http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-(issued-1-December-2010).aspx).

### Opinion on the 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 March 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 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.

*Baker Tilly UK Audit LLP*

GAVIN BLACK (Senior Statutory Auditor)  
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor  
Chartered Accountants  
First Floor, Quay 2  
139 Fountainbridge  
Edinburgh  
EH3 9QG

Date: *30 September 2013*

**Profit and Loss Account**  
*for the year ended 31 March 2013*

	<i>Note</i>	<b>Year ended 31 March 2013</b>	<b>Year ended 31 March 2012</b>
		<b>£</b>	<b>£</b>
<b>Turnover</b>		<b>2,100,221</b>	<b>2,893,873</b>
Cost of sales		<b>(1,754,409)</b>	<b>(2,704,009)</b>
		<hr/>	<hr/>
<b>Gross profit</b>		<b>345,812</b>	<b>189,864</b>
Administrative expenses		<b>(363,084)</b>	<b>(467,539)</b>
		<hr/>	<hr/>
<b>Operating loss</b>		<b>(17,272)</b>	<b>(277,675)</b>
Interest receivable	3	<b>5,940,238</b>	<b>5,960,363</b>
Interest payable	4	<b>(5,485,361)</b>	<b>(4,743,399)</b>
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>	5	<b>437,605</b>	<b>939,289</b>
Taxation	6	<b>(105,025)</b>	<b>(248,865)</b>
		<hr/>	<hr/>
<b>Profit for the financial year</b>		<b>332,580</b>	<b>690,424</b>
		<hr/> <hr/>	<hr/> <hr/>

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

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.

The notes on pages 6 to 11 form part of these financial statements.

**Balance Sheet**  
 as at 31 March 2013

	<i>Note</i>	<b>As at 31 March 2013 £</b>	<b>As at 31 March 2012 £</b>
<b>Current assets</b>			
Finance lease debtor recoverable within one year		1,197,886	1,149,569
Finance lease debtor recoverable after more than one year		86,450,737	87,459,478
Debtors: amounts falling due within one year	7	936,155	13,683
Cash at bank and in hand		504,189	1,392,278
		<b>89,088,967</b>	<b>90,015,008</b>
<b>Creditors: amounts falling due within one year</b>	8	<b>(2,336,768)</b>	<b>(2,128,439)</b>
		<b>86,752,199</b>	<b>87,886,569</b>
<b>Current assets less current liabilities</b>			
<b>Creditors: amounts falling due after more than one year</b>	9	<b>(85,699,836)</b>	<b>(86,816,786)</b>
		<b>1,052,363</b>	<b>1,069,783</b>
<b>Net assets</b>		<b>1,052,363</b>	<b>1,069,783</b>
<b>Capital and reserves</b>			
Called up share capital	10	1,000	1,000
Profit and loss account	11	1,051,363	1,068,783
		<b>1,052,363</b>	<b>1,069,783</b>
<b>Equity shareholders' funds</b>	12	<b>1,052,363</b>	<b>1,069,783</b>

The notes on pages 6 to 11 form part of these financial statements.

The financial statements on pages 4 to 11 were approved by the board of directors and authorised for issue on 26/7/13 and are signed on its behalf by:

R Jack  
 Director



Registered Number SC342703

## **Notes – 31 March 2013**

*(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.

The company is exempt from the requirement of Financial Reporting Standard 1 to prepare a cash flow statement on the grounds of its size.

#### ***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 immediate 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.

#### ***Turnover***

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

#### ***Taxation***

The charge for taxation is based on the result 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 tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19.

#### ***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 years 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.

Finance costs have been capitalised to the extent that they relate to the construction period.

In accordance with FRS 5 and Application Note F, the costs at the end of the construction phase are recorded as a finance debtor on the balance sheet.



**Notes – 31 March 2013**

*(forming part of the accounts)*

**2. Directors' remuneration**

	<b>Year ended 31 March 2013</b>	<b>Year ended 31 March 2012</b>
	£	£
Amounts paid to third parties in consideration for services of directors	49,890	65,279
	<u>          </u>	<u>          </u>

The company has no directly employed personnel.

**3. Interest receivable**

	<b>Year ended 31 March 2013</b>	<b>Year ended 31 March 2012</b>
	£	£
On deposits	2,951	2,705
On finance lease debtor	5,937,287	5,957,658
	<u>          </u>	<u>          </u>
	5,940,238	5,960,363
	<u>          </u>	<u>          </u>

**4. Interest payable and similar items**

	<b>Year ended 31 March 2013</b>	<b>Year ended 31 March 2012</b>
	£	£
Bank loan interest	4,619,535	4,257,116
Subordinated debt interest	825,738	431,682
Commitment fees	-	39,625
Amortisation of arrangement fees	40,088	14,976
	<u>          </u>	<u>          </u>
	5,485,361	4,743,399
	<u>          </u>	<u>          </u>

**5. Profit on ordinary activities before taxation**

	<b>Year ended 31 March 2013</b>	<b>Year ended 31 March 2012</b>
	£	£
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Auditors remuneration:		
- audit fees	8,100	8,100
- other services (payable to entities related to Baker Tilly UK Audit LLP)	5,675	5,025
	<u>          </u>	<u>          </u>
	13,775	13,125
	<u>          </u>	<u>          </u>

## Notes – 31 March 2013

(forming part of the accounts)

### 6. Tax on profit and ordinary activities

	Year ended 31 March 2013 £	Year ended 31 March 2012 £
a) Analysis of charge in year		
Current Tax:		
UK Corporation tax on profits of the year	105,025	244,215
Adjustment in respect of prior periods	-	4,650
	<hr/>	<hr/>
Total current tax (per note b)	105,025	248,865
Deferred tax	-	-
	<hr/>	<hr/>
Tax charge on profit on ordinary activities	105,025	248,865
	<hr/> <hr/>	<hr/> <hr/>
b) Factors affecting tax charge for the year		
The tax assessed for the year differs from the main rate of corporation tax of 24% (2012: 26%)		
The differences are explained as follows:		
Profit on ordinary activities multiplied by 24% (2012: 26%)	105,025	244,215
Adjustment in respect of previous period	-	4,650
	<hr/>	<hr/>
	105,025	248,865
	<hr/> <hr/>	<hr/> <hr/>

### 7. Debtors: amounts falling due within one year

	As at 31 March 2013 £	As at 31 March 2012 £
Trade debtors	904,596	3,992
Accrued income	14,500	-
Prepayments	17,059	9,691
	<hr/>	<hr/>
	936,155	13,683
	<hr/> <hr/>	<hr/> <hr/>

## Notes – 31 March 2013

*(forming part of the accounts)*

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

	As at 31 March 2013 £	As at 31 March 2012 £
Trade creditors	374,425	185,845
Accruals	508,219	489,980
Bank loan	1,155,965	925,453
Subordinated debt	30,088	12,722
VAT	229,046	236,325
Corporation tax	39,025	278,114
	<u>2,336,768</u>	<u>2,128,439</u>

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

	As at 31 March 2013 £	As at 31 March 2012 £
Bank loan	79,244,098	80,341,313
Subordinated debt	6,455,738	6,475,473
	<u>85,699,836</u>	<u>86,816,786</u>

The maturity of debt is as follows:

In one year or less or on demand	1,186,053	938,175
Between one year and two years	1,275,705	1,208,890
Between two years and five years	3,484,207	6,074,862
In five years or more	80,939,924	79,533,034
	<u>86,885,889</u>	<u>87,754,961</u>

The bank loan is repayable, by bi-annual instalments, from September 2011 ending July 2039. The loan bears an interest rate of 5.54% p.a. charged from 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.

**Notes – 31 March 2013**

*(forming part of the accounts)*

**10. Share capital**

	31 March 2013	31 March 2012
	£	£
<i>Allotted, called up and fully paid</i>		
1,000 Ordinary shares of £1	1,000	1,000
	<u>          </u>	<u>          </u>

**11. Profit and loss account**

	31 March 2013	31 March 2012
	£	£
Balance brought forward	1,068,783	378,359
Profit for year	332,580	690,424
Less: dividends paid	(350,000)	-
	<u>          </u>	<u>          </u>
At end of year	1,051,363	1,068,783
	<u>          </u>	<u>          </u>

A dividend of £350,000 was declared in June 2012 and fully paid in the year.

**12. Reconciliation of movement in shareholders' funds**

	31 March 2013	31 March 2012
	£	£
Opening shareholders' funds	1,069,783	379,359
Profit for year	332,580	690,424
Less: dividends paid	(350,000)	-
	<u>          </u>	<u>          </u>
Closing shareholders' funds	1,052,363	1,069,783
	<u>          </u>	<u>          </u>

**13. Transactions with related parties**

All of the following related parties that transacted with E4i Schools Limited (the "Company") are significant shareholders of the parent company E4i Holdings Limited.

Forth Services Limited, a shareholder of E4i Holdings Limited, provided subordinated debt to the Company of £nil (2012: £1,039,942) during the year. The loan outstanding at year end was £998,478 (2012: £999,831). Interest during the year was £123,858 (2012: £62,071). At the end of the year interest £61,736 (2012: £61,989) was included in accrued expenses. They also invoiced £18,290 (2012: £22,862) in respect of professional services, and FES FM Limited, a fellow group member of Forth Services Limited, invoiced £2,100,160 (2012: £1,611,005) in respect of facilities management services. At the end of the year £9,145 (2012: £nil) was owed to Forth Services Limited and £352,002 (2012: £169,661) was owed to FES FM Limited for these services.

## **Notes – 31 March 2013**

*(forming part of the accounts)*

### **13. Transactions with related parties (continued)**

At the end of the year £1,388 (2012: *£nil*) was accrued for professional services provided by Forth Services Limited.

Semperian PPP Investment Partners No 2 Limited ("Semperian") was a shareholder of E4i Holdings Limited up until 14 March 2013, at which point the shares were transferred to Equitix Education 2 Limited. On 14 March 2013, the sub-debt of £1,665,376 provided to the Company was also transferred to Equitix Education 2 Limited. Interest during the year payable to Semperian was £103,536 (2012: *£103,452*). They also invoiced *£nil* (2012: *£16,057*) in respect of professional services and Semperian Asset Management Limited, a fellow group member of Semperian, invoiced £84,156 (2012: *£46,842*) in management services. At the end of the year *£nil* (2012: *£nil*) was owed to Semperian and *£nil* (2012: *£5,621*) was owed to Semperian Asset Management Limited for these services. At the end of the year £4,157 (2012: *£nil*) was accrued against Semperian for professional services.

Cyril Sweett Investments Limited was a shareholder of E4i Holdings Limited up until 19 June 2012, at which point the shares were transferred to Cyril Sweett Investments (2012) No.2 Limited. On 19 June 2012, the sub-debt of £1,266,452 provided to the Company was also transferred to Cyril Sweett Investments (2012) No.2 Limited. On 25 July 2012, these shares in E4i Holdings Limited and the outstanding sub-debt of £1,266,452 due from the Company were transferred from Cyril Sweett Investments (2012) No.2 Limited to Equitix Education 2 Limited. Interest during the year payable to Cyril Sweett Investments Limited was *£nil* (2012: *£78,623*). They also invoiced £9,344 (2012: *£41,729*) in respect of professional services. At the end of the year *£nil* (2012: *£8,400*) was owed to Cyril Sweett Investments Limited and £15,453 (2012: *£7,666*) was accrued for these services.

On 8 March 2013, Miller E4i Investments Limited transferred its shares in E4i Holdings Limited to Equitix Education 2 Limited.

Following the transfers noted above, the loan outstanding due to Equitix Education 2 Limited at year end was £5,658,043 (2012: *£2,732,870*). Interest during the year was £598,324 (2012: *£nil*). At the end of the year interest of £349,838 (2012: *£nil*) was included in accrued expenses. Equitix Education 2 Limited also invoiced £14,967 (2012: *£nil*) in respect of professional services. At the end of the year *£nil* (2012: *£nil*) was outstanding. At the end of the year £4,157 (2012: *£3,953*) was accrued for professional services provided by Equitix Education 2 Limited.

### **14. Ultimate parent company**

The company's parent company is E4i Holdings Limited which is registered and incorporated in Great Britain. The directors do not consider that there is an ultimate controlling party.