

E4i Schools Limited

Directors' Report and Financial Statements

For the year ended 31 March 2014
Registered Number SC342703



Directors' Report

The Directors present their report and audited financial statements for the year ended 31 March 2014.

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 £487,063 (2013: £437,605). During the year dividends of £570,000 were declared (2013: £350,000). Dividends of £150,000 (2013: £nil) were paid post year end.

Directors

The Directors who held office were as follows:

F D'alonzo (Resigned 15th October 2014)
D Fletcher
R Jack
R Christie (Resigned 6th August 2013)
S Jones (Appointed 6th August 2013)

The following Director has been appointed after the year end:

K O'Brien (Appointed 15th October 2014)

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: 15/12/14

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 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 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/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 March 2014 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the directors' report.



Linda Gray (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: 19/12/14

Profit and Loss Account
for the year ended 31 March 2014

	<i>Note</i>	Year ended 31 March 2014	Year ended 31 March 2013
		£	£
Turnover		2,214,243	2,100,221
Cost of sales		(1,808,123)	(1,754,409)
		<hr/>	<hr/>
Gross profit		406,120	345,812
Administrative expenses		(354,009)	(363,084)
		<hr/>	<hr/>
Operating profit/(loss)		52,111	(17,272)
Interest receivable	3	5,862,945	5,940,238
Interest payable	4	(5,427,993)	(5,485,361)
		<hr/>	<hr/>
Profit on ordinary activities before taxation	5	487,063	437,605
Taxation	6	(112,150)	(105,025)
		<hr/>	<hr/>
Profit for the financial year		374,913	332,580
		<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 2014

	Note	As at 31 March 2014 £	As at 31 March 2013 £
Current assets			
Finance lease debtor recoverable within one year		1,280,818	1,197,886
Finance lease debtor recoverable after more than one year		85,239,310	86,450,737
Debtors: amounts falling due within one year	7	20,270	936,155
Cash at bank and in hand		1,006,415	504,189
		87,546,813	89,088,967
Creditors: amounts falling due within one year	8	(2,265,407)	(2,336,768)
Current assets less current liabilities		85,281,406	86,752,199
Creditors: amounts falling due after more than one year	9	(84,424,130)	(85,699,836)
Net assets		857,276	1,052,363
Capital and reserves			
Called up share capital	10	1,000	1,000
Profit and loss account	11	856,276	1,051,363
Equity shareholders' funds	12	857,276	1,052,363

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 15th DECEMBER 2014 and are signed on its behalf by:

R Jack
Director



Registered Number SC342703

Notes – 31 March 2014

(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 2014

(forming part of the accounts)

2. Directors' remuneration

	Year ended 31 March 2014	Year ended 31 March 2013
	£	£
Amounts paid to third parties in consideration for services of directors	67,342	49,890
	<u>67,342</u>	<u>49,890</u>

The company has no directly employed personnel.

3. Interest receivable

	Year ended 31 March 2014	Year ended 31 March 2013
	£	£
On deposits	3,219	2,951
On finance lease debtor	5,859,726	5,937,287
	<u>5,862,945</u>	<u>5,940,238</u>

4. Interest payable and similar items

	Year ended 31 March 2014	Year ended 31 March 2013
	£	£
Bank loan interest	4,564,085	4,619,535
Subordinated debt interest	823,810	825,738
Amortisation of arrangement fees	40,098	40,088
	<u>5,427,993</u>	<u>5,485,361</u>

5. Profit on ordinary activities before taxation

	Year ended 31 March 2014	Year ended 31 March 2013
	£	£
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Auditors remuneration:		
- audit fees	8,400	8,100
- other services (payable to entities related to Baker Tilly UK Audit LLP)	5,675	5,675
	<u>14,075</u>	<u>13,775</u>

Notes – 31 March 2014

(forming part of the accounts)

6. Tax on profit and ordinary activities

	Year ended 31 March 2014 £	Year ended 31 March 2013 £
a) Analysis of charge in year		
Current Tax:		
UK Corporation tax on profits of the year	112,150	105,025
	<hr/>	<hr/>
Total current tax (per note b)	112,150	105,025
Deferred tax	-	-
	<hr/>	<hr/>
Tax charge on profit on ordinary activities	112,150	105,025
	<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 23% (2013: 24%)		
The differences are explained as follows:		
Profit on ordinary activities multiplied by 23% (2013: 24%)	112,024	105,025
Expenses not deductible for tax purposes	126	-
	<hr/>	<hr/>
	112,150	105,025
	<hr/> <hr/>	<hr/> <hr/>

7. Debtors: amounts falling due within one year

	As at 31 March 2014 £	As at 31 March 2013 £
Trade debtors	1,784	904,596
Accrued income	-	14,500
Prepayments	18,486	17,059
	<hr/>	<hr/>
	20,270	936,155
	<hr/> <hr/>	<hr/> <hr/>

Notes – 31 March 2014

(forming part of the accounts)

8. Creditors: amounts falling due within one year

	As at 31 March 2014 £	As at 31 March 2013 £
Trade creditors	10,543	374,425
Accruals	659,670	508,219
Bank loan	1,247,469	1,155,965
Subordinated debt	28,235	30,088
VAT	239,315	229,046
Corporation tax	80,175	39,025
	<u>2,265,407</u>	<u>2,336,768</u>

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

	As at 31 March 2014 £	As at 31 March 2013 £
Bank loan	77,996,626	79,244,098
Subordinated debt	6,427,504	6,455,738
	<u>84,424,130</u>	<u>85,699,836</u>

The maturity of debt is as follows:

In one year or less or on demand	1,275,705	1,186,053
Between one year and two years	1,249,871	1,275,705
Between two years and five years	3,412,434	3,484,207
In five years or more	79,761,824	80,939,924
	<u>85,699,834</u>	<u>86,885,889</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 2014

(forming part of the accounts)

10. Share capital

	31 March 2014	31 March 2013
	£	£
<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 2014	31 March 2013
	£	£
Balance brought forward	1,051,363	1,068,783
Profit for year	374,913	332,580
Less: dividends paid	(570,000)	(350,000)
	<u> </u>	<u> </u>
At end of year	856,276	1,051,363
	<u> </u>	<u> </u>

Dividends of £420,000 were declared in September 2013 and fully paid in the year. Dividends of £150,000 were declared in March 2014 and paid after the year end.

12. Reconciliation of movement in shareholders' funds

	31 March 2014	31 March 2013
	£	£
Opening shareholders' funds	1,052,363	1,069,783
Profit for year	374,913	332,580
Less: dividends paid	(570,000)	(350,000)
	<u> </u>	<u> </u>
Closing shareholders' funds	857,276	1,052,363
	<u> </u>	<u> </u>

Notes – 31 March 2014

(forming part of the accounts)

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.

A year end creditor is included for £150,000 for dividends accrued to E4i Holdings Limited.

The loan outstanding due to Forth Services Limited, a shareholder of E4i Holdings Limited, at year end was £995,391 (2013: £998,478). Interest during the year was £123,574 (2013: £123,878). At the end of the year interest of £61,545 (2013: £61,736) was included in accrued expenses. Forth Services Limited also invoiced £16,602 (2013: £18,290) in respect of professional services. At the end of the year £1,361 (2013: £9,145) was outstanding. At the end of the year £1,791 (2013: £1,388) was accrued for professional services provided by Forth Services Limited.

FES FM Limited, a fellow group member of Forth Services Limited, invoiced £1,830,788 (2013: £2,100,160) in respect of facilities management services. At the end of the year £nil (2013: £352,002) was owed to FES FM Limited for these services.

The loan outstanding due to Equitix Education 2 Limited, a shareholder of E4i Holdings Limited, at year end was £5,640,550 (2013: £5,658,043). Interest during the year was £700,252 (2013: £598,324). At the end of the year interest of £348,756 (2013: £349,838) was included in accrued expenses. Equitix Education 2 Limited also invoiced £29,670 (2013: £14,967) in respect of professional services. At the end of the year £nil (2013: £nil) was outstanding. At the end of the year £26,014 (2013: £4,157) 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.