

Registered Company No: 3600956

Education Support (Enfield) Limited
Report & Accounts
for the Year Ended 31 December 2001



Registered Office
29 Bressenden Place
Victoria
London
SW1E 5EQ

Directors' report and financial statements for the year ended 31 December 2001

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Directors & Advisors

Directors

The directors of the Company are shown in the Directors' Report on page 2.

Company Secretaries & Registered Office

RG Curtis	Resigned 2/02/2001	
A Dunbar	Resigned 2/02/2001	
R Miller	Appointed 02/02/2001	Resigned 12/04/2002
Asset Management Solutions Limited	Appointed 02/02/2001	
P Shell	Appointed 12/04/2002	

29 Bressenden Place
Victoria
London
SW1E 5EQ

Auditor

KPMG Audit Plc

Solicitors

Denton Wilde Sapte

Principal Bankers

Dresdner Bank AG (London)

Financial Advisers

Macquarie Bank

Report of the directors for the year ended 31 December 2001

The directors submit their report together with the financial statements for the year ended 31 December 2001.

Principal trading activities and business review

The principal activity of the Company is to design, build, finance and operate a 1,290 place secondary school in accordance with an agreement with the London Borough of Enfield.

Contract negotiations were successfully completed in February 1999 and construction commenced in March 1999. The school was completed in August 2000 and became operational with effect from 1 September 2000.

A dividend of £153,191 was paid during the year [2000: £nil]. The directors do not recommend the payment of a dividend at the year end [2000: £nil].

Directors

The following directors held office during the year:

R Weston		
G Lucas		
A Ewer	Alternate director to R Weston	
Florence Barras	Appointed 01/02/2001	Resigned 1/10/2001
G Blood	Appointed 01/10/2001	
M McColl	Appointed 01/10/2001	
J Whittington	Resigned 26/01/2001	
A Dunbar	Resigned 02/02/2001	

Directors' interests

None of the directors has, or has held at any time during the year, any interest in the share capital of the Company.

The interests of R Weston in the shares of John Laing plc, the ultimate parent undertaking, are disclosed in the accounts of Laing Investments Limited. The interests of G Lucas in the shares of John Laing plc are disclosed in the financial statements of Equion plc.

No director has a service contract or receives any remuneration from the Company
No director has, or has held during the year, any personal interest in any significant or material contract with the Company.

Report of the directors for the year ended 31 December 2001 (continued)

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the company and of the profit, or loss 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 estimates that are reasonable and prudent;
- state whether applicable 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.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

Policy on Payment of Creditors

It is policy to comply with the payment terms agreed with suppliers. Where payment terms are not negotiated, the Company endeavours to adhere with the suppliers standard terms. Average payment period is 30 days (2000: 30 days).

Auditor

In accordance with Section 385 of the Companies Act 1985, a resolution to reappoint KPMG Audit Plc as Auditor is to be proposed at the next Annual General Meeting.

By order of the Board



**G Blood
Director**

15 August 2002

Independent auditor's report to the members of Education Support (Enfield) Limited

We have audited the financial statements on pages 5 to 14.

Respective responsibilities of directors and auditor

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards 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 as at 31 December 2001 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc

Chartered Accountants

Registered Auditor

London

Profit & loss account for the year ended 31 December 2001

	Note	2001 £'000	2000 £'000
Turnover	2	844	7,814
Cost of sales		-	(6,499)
Gross profit		<u>844</u>	<u>1,315</u>
Operating costs		(584)	(449)
Operating profit	3	<u>260</u>	<u>866</u>
Interest payable	6	(1,172)	(1,176)
Interest receivable	7	1,560	560
Profit on ordinary activities before taxation		<u>648</u>	<u>250</u>
Taxation	8	(270)	-
Profit on ordinary activities after taxation		<u>378</u>	<u>250</u>
Dividends declared	9	(153)	-
Retained profit for the year		<u>225</u>	<u>250</u>

All gains and losses are recognised in the profit and loss account.

All items in the profit and loss account relate to continuing operations.

A statement of movements in reserves is given in note 14.

Balance sheet**As at 31 December 2001**

	Note	2001 £'000	2000 £'000
Fixed assets			
Tangible fixed assets	10	3	4
Current assets			
Debtors: due within one year	11	671	565
due in more than one year	11	18,578	18,882
		<u>19,249</u>	<u>19,447</u>
Cash at bank and in hand		1,184	653
		<u>20,433</u>	<u>20,100</u>
Current liabilities			
Creditors: amounts falling due within one year	12	(444)	(138)
Net current assets		<u>19,989</u>	<u>19,962</u>
Total assets less current liabilities		<u>19,992</u>	<u>19,966</u>
Creditors: amounts falling due after one year	12	(18,550)	(18,749)
Net assets		<u>1,442</u>	<u>1,217</u>
Capital and reserves			
Called up share capital	15	967	967
Reserves	14	475	250
Equity shareholders' funds	14	<u>1,442</u>	<u>1,217</u>

The financial statements on pages 5 to 14 were approved by the Board of Directors on
15 August 2002 and were signed on its behalf by:



G Blood
Director

Notes to the financial statements for the year ended 31 December 2001

1 Principal accounting policies

These financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards together with the reporting requirements of the Companies Act 1985. A summary of the principal accounting policies, which have been consistently applied, is shown below.

Finance debtor

The company is an operator under a PFI contract. Under the terms of the contract, substantially all the risks and rewards of ownership of the property asset remain with the London Borough of Enfield. The underlying asset is therefore not an asset of the company under FRS5 Application Note F.

Finance receivable and income recognition

During the construction phase of the project, all attributable expenditure including finance costs, were included in amounts recoverable on contracts and turnover.

Upon becoming operational the costs were transferred to the finance debtor.

During the operational phase income is allocated between interest receivable and turnover using a constant operating margin on costs. The remainder of the PFI income will be allocated to the finance debtor.

Turnover excludes value added tax.

Tangible Fixed Assets and Depreciation

Fixed assets are included at cost less accumulated depreciation. Fixed assets are depreciated on a straight line basis to their residual value over their useful economic lives, which are principally:

Computer equipment - 3 years

Notes to the financial statements for the year ended 31 December 2001 (continued)

Cash flow statement

A cash flow statement is not present since John Laing plc, the ultimate parent company, has prepared a consolidated cash flow statement, including the cash flows of this company for the year ended 31 December 2001, in accordance with Financial Reporting Standard No 1 (Revised 1996).

Taxation

The amount included for taxation takes into account deferred taxation because of timing differences in the treatment of certain items for taxation and accounting purposes. Provision for deferred taxation is not made unless there is reasonable evidence that it will be payable or receivable in the foreseeable future.

Interest payable

Interest costs have been capitalised during the construction phase of the contract, and are now being written off to the profit and loss account over the period of the concession.

2	Turnover	2001	2000
		£'000	£'000
	Turnover in the year is analysed as follows:		
	Construction income	-	7,533
	Concession unitary income	794	281
	Third party revenue	41	-
	Other	9	-
	Total	844	7,814

3	Operating profit	2001	2000
		£'000	£'000
	Operating profit is stated after charging:		
	Auditor's remuneration for:		
	Audit Services	5	5
	Other Services	6	-
	Depreciation	1	1

Notes to the financial statements for the year ended 31 December 2001 (continued)

4 Emoluments of directors

	2001 £'000	2000 £'000
All directors	<u>34</u>	<u>-</u>
Highest Paid Director	<u>13</u>	<u>-</u>

The highest paid director is a member of a defined benefit scheme, under which the accrued pension to which they would be entitled from a normal retirement date if they were to retire at the year end is £62,420.

Retirement benefits are accruing to 5 (2000: 2) for directors under defined benefit schemes. None of the directors exercised share options in the ultimate parent undertaking, John Laing plc during the year (2000: 1).

5 Staff numbers & costs

The Company had 5 employees during the year [2000: 4].

	2001 £'000	2000 £'000
Salaries	135	23
Pension Contributions	6	1
Social Security	8	1
Total	<u>149</u>	<u>25</u>

The pension scheme, known as the Equion Stakeholder Pension Scheme, is a defined contribution scheme. The contributions, both employees' and employer's are paid into an account that is personally allocated to the employee. The benefits, received by employees upon retirement is largely dependant upon, the amounts of contributions paid in and the investment performance of the employees' personal accounts.

6 Interest payable

	2001 £'000	2000 £'000
Amounts payable on bank loans and overdrafts	<u>1,172</u>	<u>1,176</u>

Notes to the financial statements for the year ended 31 December 2001 (continued)

7 Interest receivable

	2001 £'000	2000 £'000
Amounts receivable on swaps and bank deposits	150	90
Interest receivable on finance debtor	<u>1,410</u>	<u>470</u>
	<u>1,560</u>	<u>560</u>

8 Taxation

	2001 £'000	2000 £'000
The taxation charge comprises:		
Corporation tax: Current year	195	-
Prior year	<u>75</u>	<u>-</u>
	<u>270</u>	<u>-</u>

9 Dividends

	2001 £'000	2000 £'000
The following have been paid:		
Equity on ordinary shares		
Interim - paid	<u>153</u>	<u>-</u>
	<u>153</u>	<u>-</u>

Notes to the financial statements**for the year ended 31 December 2001 (continued)****10 Fixed Assets**

	Computer Equipment £'000
Cost or Valuation	
At 1 January 2001	5
Additions	-
At 31 December 2001	<u>5</u>
Accumulated Depreciation	
At 1 January 2000	1
Charge for the year	1
At 31 December 2001	<u>2</u>
Net Book Value	
At 31 December 2000	4
At 31 December 2001	<u>3</u>

11 Debtors

	2001 £'000	2000 £'000
Trade debtors	371	276
Finance debtor	<u>300</u>	<u>289</u>
	<u>671</u>	<u>565</u>
Due after more than one year		
Finance debtor	<u>18,578</u>	<u>18,882</u>
	<u>18,578</u>	<u>18,882</u>

The finance lease debtor includes cumulative interest capitalised of £836,247 (2000: £836,247).

Notes to the financial statements for the year ended 31 December 2001 (continued)

12 Creditors

	2001 £'000	2000 £'000
Amounts falling due within one year		
Amounts due to group undertakings	35	13
Amounts due to related parties	-	13
Amount due to HM Customs & Excise	21	-
Amount due to Inland Revenue	270	-
Other creditors	118	112
	<u>444</u>	<u>138</u>
Amounts falling due after one year		
Bank loans (Note 13)	18,550	18,106
Loan notes	-	500
Contract accruals	-	143
	<u>18,550</u>	<u>18,749</u>

13 Loans

The Company has a £20 million facility provided by Dresdner Kleinwort Benson in order to finance the construction of the project. The loan is repayable in instalments based on an agreed percentage amount of the total facility per annum over the next 25 years.

The loan is secured by a charge over the shares of the Company. Of the Company's gross borrowings £9 million is due in more than 5 years.

Interest on the facility is charged at rates linked to LIBOR. The Company has entered into fixed interest rate swaps to mitigate its interest exposure. The fixed interest rate on the facility during the construction phase is 6.6%.

On 25 February 1999 the Company issued loan notes as part of the consideration due under the project agreement. The loan notes do not carry a coupon. The loan notes were repaid on 29 June 2001.

Notes to the financial statements

for the year ended 31 December 2001 (continued)

14 Reconciliation of movements in shareholders' funds

	Share capital £'000	Profit and loss account £'000	2001 Total shareholders' funds £'000	2000 Total £'000
Profit for the financial year	-	378	378	250
Dividends		(153)	(153)	-
	-	225	225	250
Opening shareholders' funds	967	250	1,217	967
Shareholders' funds as at 31 December	967	475	1,442	1,217

15 Share capital

	2001 £'000	2000 £'000
Authorised 967,000 ordinary shares of £1	967	967
Allotted Issued Fully Paid 967,000 ordinary shares of £1	967	967
	<u>967</u>	<u>967</u>

Notes to the financial statements for the year ended 31 December 2001 (continued)

16 Related party transactions

In accordance with the exemption afforded by Financial Reporting Standard No 8, there is no disclosure in these financial statements of transactions with entities that are part of the John Laing plc group.

There were no transactions undertaken by the Company during the year with parties related to the Group.

17 Ultimate Parent Undertaking

The immediate parent undertaking is Equion plc. On 26 January 2001, Laing Investments Limited acquired the entire share capital of Hyder Investments Limited, thereby resulting in Equion plc becoming a member of the John Laing group of companies. Its ultimate and controlling parent undertaking being John Laing plc from that date, is a company registered in England and Wales.

John Laing plc is also the parent undertaking of the largest group of undertakings for which group financial statements are drawn up.

The parent undertaking of the smallest group of undertakings for which group financial statements are drawn up is Laing Investments Limited, a company registered in England and Wales.

Copies of these consolidated financial statements are available from the registered office at 29 Bressenden Place, London, SW1E 5EQ.