EDUCATION SUPPORT (ENFIELD) LIMITED

DIRECTORS' REPORT
AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2008

Registered Number: 3600956

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

CONTENTS

DIRECTORS AND ADVISORS

Directors
M Baybutt (appointed 6 January 2009)
S Colvin
M Mercer-Deadman (resigned 6 January 2009)
N Puig-Mas

Company secretary and registered office
R K Miller
Allington House
150 Victoria Street
London SW1E 5LB

Auditors
Deloitte LLP
Chartered Accountants
London

Principal bankers
Dresdner Bank AG
London Branch
PO Box 52715
30 Gresham Street
London
EC2P 2XY

DIRECTORS' REPORT

The Directors submit their annual report and the audited financial statements for the year ended 31 December 2008.

The Directors report has been prepared in accordance with the special provisions relating to small companies under section 246(4)(a) of the Companies Act 1985.

The Company is a wholly owned subsidiary of Education Support (Enfield) Holdings Limited, which in turn is a wholly owned subsidiary of John Laing Social Infrastructure Limited.

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

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.

Financial close was achieved on 25 February 1999. The concession period is 27 years. The completion certificate for the initial construction works was received on 31 August 2000.

Via Education Support (Enfield) Holdings Limited, John Laing Social Infrastructure Limited invested £967,000 share capital on 23 February 1999.

There have not been any significant changes in the Company's principal activities in the year under review. The Directors are not aware, at the date of this report, of any major changes in the Company's activities in the next year.

The school continued to operate throughout the year.

The Directors have considered the use of the going concern basis in the preparation of the financial statements in light of current market conditions and concluded that it is appropriate. In reaching this conclusion, the Directors have specifically considered the Company's relationships with its immediate parent company. More information is provided in note 1 to the financial statements.

FUTURE DEVELOPMENTS

The Company will continue to finance and operate the school until the end of August 2025.

KEY PERFORMANCE INDICATORS

The key performance indicator for the Company is the level of performance and unavailability deductions levied by the client, since this reflects the quality of service being provided. During the period, the Company suffered £nil (2007 - £6,000) of deductions.

RESULTS AND DIVIDENDS

The profit for the year before taxation amounted to £396,000 (2007 - £368,000). After a taxation charge of £113,000 (2007 - £110,000), profit for the year was £283,000 (2007 - £258,000).

The Directors proposed and paid dividends of £316,000 for the year (2007 - £495,000).

PRINCIPAL RISKS AND UNCERTAINTIES

The Company is exposed to interest rate risk which is managed through the use of interest rate swaps, details of which are set out in note 11 to the financial statements.

The other principal risk is that maintenance costs exceed those forecast in the financial model agreed at financial close. This risk is mitigated by regular management review of actual expenditure against budget and technical evaluations of the physical condition of the buildings.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who is a Director at the date of approval of this report confirms that:

- as far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of S234ZA of the Companies Act 1985.

DIRECTORS

The Directors who served throughout the year, except as noted, are shown on page 1.

DIRECTORS' REPORT (continued)

EMPLOYEES

Details of the number of employees and related costs can be found in note 5 to the financial statements on page 9.

AUDITORS

Pursuant to s386 Companies Act 1985, an elective resolution was passed on 18 December 2002 dispensing with the requirement to appoint auditors annually. This election was in force immediately before 1 October 2007. Therefore, Deloitte LLP are deemed to continue as auditors.

On behalf of the board

S Colvin
Director
6 March 2009

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual 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). The financial statements are required by law to 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 year. In preparing these 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 UK accounting standards have been followed; 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 proper accounting records that 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 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 AUDITORS' REPORT TO THE MEMBERS OF EDUCATION SUPPORT (ENFIELD) LIMITED

We have audited the financial statements of Education Support (Enfield) Limited for the year ended 31 December 2008 which comprise the profit and loss account, the balance sheet and the related notes 1 to 16. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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 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 and are properly prepared in accordance with the Companies Act 1985. 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 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 other transactions is not disclosed.

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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2008 and of its profit for the year then ended;

- the financial statements have been properly prepared in accordance with the Companies Act 1985; and

- the information given in the Directors' Report is consistent with the financial statements.

Deloitte LLP

Deloitte LLP
Chartered Accountants and Registered Auditors
London, United Kingdom
6 March 2009

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	2008 £'000	2007 £'000
Turnover	1, 2	**1,086**	910
Cost of sales		**(989)**	(839)
Operating profit		**97**	71
Net interest receivable	6	**299**	297
Profit on ordinary activities before taxation		**396**	368
Tax charge on profit on ordinary activities	7	**(113)**	(110)
Profit for the financial year		**283**	258

A reconciliation of movements in shareholder's funds is given in note 14.

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

There is no material difference between the results stated in the profit and loss account and their historical cost equivalents.

All gains and losses are recognised in the profit and loss account in both the current and preceding year, and therefore no separate statement of total recognised gains and losses has been presented.

BALANCE SHEET AS AT 31 DECEMBER 2008

	Notes	2008 £'000	2007 £'000
Current assets			
Debtors		**16,348**	16,823
- due within one year	9	**1,027**	991
- due after more than one year	9	**15,321**	15,832
Cash at bank and in hand		**1,512**	1,519
		17,860	18,342
Current liabilities			
Creditors: amounts falling due within one year	10	**(1,996)**	(1,907)
Net current assets		**15,864**	16,435
Total assets less current liabilities		**15,864**	16,435
Creditors: amounts falling due after more than one year	10	**(14,495)**	(15,033)
Net assets		**1,369**	1,402
Capital and reserves			
Called up share capital	12	**967**	967
Profit and loss account	13	**402**	435
Shareholder's funds	14	**1,369**	1,402

The financial statements were approved by the Board of Directors and authorised for issue on 6 March 2009 and were signed on their behalf by:

S Colvin
Director
6 March 2009

Notes to the financial statements for the year ended 31 December 2008

1 ACCOUNTING POLICIES

a) Basis of preparation of accounts

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards. A summary of the principal accounting policies adopted by the Directors, which have been applied consistently, is shown below.

The Company is a wholly owned subsidiary of John Laing plc and as such is exempt under FRS1 (revised 1996) from the requirement to prepare its own cash flow statement.

The current economic conditions create some uncertainty, including with respect to:
(a) the ability of key sub-contractors to continue to meet contractual commitments;
(b) the ability of the debt provider to continue to meet its contractual commitments; and
(c) the ability of the SWAP provider to continue to meet their commitments.
The Directors have also considered the ability of government authorities to continue to pay unitary fees due to the Company and do not consider this to be a material risk.
The Company's forecasts and projections, taking account of reasonably possible changes in counterparty performance, show that the Company expects to be able to continue to operate. After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

b) Turnover

Turnover is derived entirely in the United Kingdom and is net of VAT.

c) 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 a fixed asset of the Company under FRS5 Application Note F and SSAP 21.

d) Finance debtor and income recognition

During the construction phase of the project, all attributable expenditure including finance costs is included in amounts recoverable on contracts and turnover. Upon the asset becoming operational, the costs are 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.

In 2008 amounts invoiced in line with the Project Agreement was £2,700,000 (2007 - £2,700,000). Variations invoiced amounted to £45,000 (2007 - £nil).

e) Construction period

Interest costs on borrowings used to fund the construction of the school are added to amounts recoverable on contracts during the construction period. This treatment ceases on commissioning.

f) Operating costs

Operating costs are added to amounts recoverable on contracts during the construction period. Following commissioning, regular operating and maintenance costs and Education Support (Enfield) Limited central costs will be expensed to the profit and loss account as incurred.

g) Interest payable

Interest costs on borrowings are added to amounts recoverable on contracts during the construction phase of the contract, and then written off to the profit and loss account over the period of concession in the period to which they relate.

h) Taxation

Current tax, including United Kingdom Corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

In accordance with FRS19 'Deferred Tax', deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured at the average tax rates that are expected to apply in the period in which the timing differences are expected to reverse, based on the tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are not discounted.

Notes to the financial statements for the year ended 31 December 2008 (continued)

2 TURNOVER

	2008	2007
Turnover in the year is analysed as follows:	**£'000**	£'000
Concession unitary income	**1,086**	910

3 OPERATING PROFIT

	2008	2007
	£'000	£'000
Operating profit is stated after charging:		
Fees payable to the Company's auditors for the audit of the Company's annual accounts	**12**	9

Operating profit is stated after charging:

	2008	2007
	£'000	£'000
Operating and Maintenance costs	**765**	603
Other Operating costs	**212**	220

4 DIRECTORS' REMUNERATION

No Directors received any remuneration for services to the Company during the current or prior year. The Company is managed by secondees from the shareholders under a management services contract.

5 STAFF NUMBERS

The Company had no employees during the year (2007 - nil).

6 NET INTEREST RECEIVABLE

	2008	2007
	£'000	£'000
Interest receivable and similar income		
Interest receivable on bank deposits	**85**	81
Interest receivable on finance debtor	**1,184**	1,216
Other Interest receivable	**5**	4
	1,274	1,301
Interest payable and similar charges		
Interest payable on bank loans and overdrafts	**(954)**	(983)
Interest payable to group undertakings	**(1)**	(1)
Amortised debt issue costs	**(20)**	(20)
	(975)	(1,004)
Net interest receivable	**299**	297

Notes to the financial statements for the year ended 31 December 2008 (continued)

7 TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES

	2008	2007
Analysis of charge for the year	**£'000**	£'000
Current tax		
Group relief payable	**(113)**	(110)
Total current tax charge	**(113)**	(110)
Total tax charge on profit on ordinary activities	**(113)**	(110)

Factors affecting the tax charge for the current year

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax are as follows:

	2008	2007
	£'000	£'000
Profit on ordinary activities before tax	**396**	368
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28.5% (2007 - 30%)	**(113)**	(110)
Total current tax charge for the year	**(113)**	(110)

For the year ended 31 December 2008, the blended UK rate of 28.5% is applied due to the change in the UK corporation tax rate from 30% to 28% with effect from 1 April 2008.

8 DIVIDENDS

	2008	2007
	£'000	£'000
Equity shares:		
- Interim and final dividend paid of 32.68 p (2007 - 51.19p) per £1 share	**316**	495
	316	495

9 DEBTORS

	2008	2007
Due within one year:	**£'000**	£'000
Trade debtors	**261**	262
Finance debtor	**518**	478
Prepayments and accrued income	**248**	251
	1,027	991
Due after more than one year:		
Finance debtor	**15,321**	15,832
	15,321	15,832

The finance debtor includes cumulative net interest costs of £700,000 (2007 - £721,000).

Notes to the financial statements for the year ended 31 December 2008 (continued)

10 CREDITORS

	2008 £'000	2007 £'000
Amounts falling due within one year		
Bank loans and overdrafts	**557**	539
Less: unamortised debt issue costs	**(19)**	(20)
	538	519
Amounts owed to group undertakings	**179**	140
Group relief payable	**113**	110
Other taxation and social security	**69**	80
Other creditors	**845**	793
Accruals and deferred income	**252**	265
	1,996	1,907
Amounts falling due after more than one year		
Bank loans and overdrafts	**14,653**	15,211
Less: unamortised debt issue costs	**(173)**	(193)
Amounts owed to group undertakings	**15**	15
	14,495	15,033
Analysis of debt:		
Debt can be analysed as falling due:		
In one year or less, on demand	**557**	539
Between one and two years	**564**	557
Between two and five years	**1,938**	1,798
In five years or more	**12,151**	12,856
	15,210	15,750
Less: unamortised debt issue costs	**(192)**	(213)
	15,018	15,537

11 LOANS

The bank loan is provided by Dresdner Kleinwort Wasserstein, and is to be used to finance the operation of the project over its remaining life. The loan is repayable in instalments based on an agreed percentage amount of the total facility per annum over the next 17 years.

The loan is secured by a fixed and floating charge over all the assets of the Company and a charge over the shares of the Company.

Interest on the facility is charged at rates linked to LIBOR. The Company has entered into fixed interest rate swaps to mitigate its interest rate exposure which have a negative fair value at 31 December 2008 of £2,187,993 (2007 - £430,831). The fixed interest rate on the facility, including all margins is 6.15%. The Company does not hold or issue derivative financial instruments for speculative purposes.

12 CALLED UP SHARE CAPITAL

	2008 No.	2007 No.
Authorised:		
Ordinary shares at £1 each	**967,000**	967,000
	£'000	£'000
Allotted, called up and fully paid:		
967,000 ordinary shares at £1 each	**967**	967

Notes to the financial statements for the year ended 31 December 2008 (continued)

13 MOVEMENT IN RESERVES

	Profit and loss account £'000
At 1 January 2008	435
Profit for the year	283
Dividends paid (note 8)	(316)
At 31 December 2008	402

14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2008 £'000	2007 £'000
Profit for the financial year	283	258
Dividends paid (note 8)	(316)	(495)
Net reduction to shareholder's funds	(33)	(237)
Opening shareholder's funds	1,402	1,639
Closing shareholder's funds	1,369	1,402

15 TRANSACTIONS WITH RELATED PARTIES

As a greater than 90% subsidiary of John Laing plc, the Company has taken advantage of the exemption under Financial Reporting Standard 8 not to provide information on related party transactions with other undertakings within the John Laing plc group. Note 16 gives details of how to obtain a copy of the published financial statements of John Laing plc.

16 ULTIMATE PARENT UNDERTAKING

The Company's immediate parent Company is Education Support (Enfield) Holdings Limited, a Company incorporated in Great Britain.

The smallest group in which its results are consolidated is John Laing plc, a company incorporated in Great Britain and registered in England and Wales. The largest group in which its results are consolidated is Henderson Infrastructure Holdco (UK) Limited, a company incorporated in Great Britain and registered in England and Wales. Copies of the consolidated accounts are available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.

The Company's ultimate parent and controlling entity is Henderson Infrastructure Holdco (Jersey) Limited, a company incorporated in Jersey, Channel Islands.