

Registered Company No: 3600956

**Education Support (Enfield) Limited**  
**Report & Accounts**  
**for the Year Ended 31 December 2002**



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COMPANIES HOUSE 28/05/03

Registered Office  
29 Bressenden Place  
Victoria  
London  
SW1E 5EQ

ADMIN

## **Directors' report and financial statements for the year ended 31 December 2002**

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## **Directors & Advisors**

### **Directors**

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

### **Company Secretary**

R Miller

Resigned 12/04/2002

Asset Management Solutions Limited

Resigned 31/10/2002

P Shell

Appointed 12/04/2002

### **Registered Office**

29 Bressenden Place

Victoria

London

SW1E 5EQ

### **Auditors**

KPMG Audit Plc

### **Solicitors**

Denton Wilde Sapte

### **Principal Bankers**

Dresdner Bank AG (London)

### **Financial Advisers**

Macquarie Bank

## for the year ended 31 December 2002

The directors submit their report together with the financial statements for the year ended 31 December 2002.

### 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 £54,048 was paid during the year (2001: £153,191). The directors do not recommend the payment of a dividend at the year end (2001: £nil).

### Directors

The following directors held office during the year:

R Weston	
G Lucas	
A Ewer	Alternate director to R Weston
G Blood	
M McColl	

### 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 following directors' interests in the shares of John Laing plc, the company's ultimate parent company, including family and non-beneficial interests, as registered in accordance with the Companies Act 1985, were:

	On 1 January 2002 or later date of appointment		On 31 December 2002	
	6.4%		6.4%	
	Ordinary Shares 25p	Convertible Preference Shares £1	Ordinary Shares 25p	Convertible Preference Shares £1
G Lucas	507	-	507	-

In addition, the following directors participated in the John Laing plc Senior Executive Share Option Scheme and Savings Related Option Scheme. Rights to subscribe for John Laing plc Ordinary Shares granted and/or exercised during the year were as follows:

	At 1 January 2002 or later date of appointment	Granted	Exercised	At 31 December 2002
G Blood	-	10,803	-	10,803
G Lucas	-	13,446	-	13,446

## **Report of the directors for the year ended 31 December 2002 (continued)**

The interests of R Weston and A Ewer in the shares of John Laing plc, the ultimate parent undertaking, are disclosed in the accounts of Laing Investments Limited and John Laing plc respectively.

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.

### **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 5 days (2001: 10 days).

### **Auditors**

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

**By order of the Board**



**G Blood  
Director**

*b* May 2003

# **Independent auditors' report to the members of Education Support (Enfield) Limited**

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

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept 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**

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 auditor, 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 2002 and of its 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*

8 Salisbury Square  
London  
EC4Y 8BB

qk May 2003

## Profit & loss account for the year ended 31 December 2002

	Note	2002 £'000	2001 £'000 (Restated)*
Turnover	2	770	844
Cost of sales		(654)	(584)
Gross profit		<u>116</u>	<u>260</u>
Operating costs		(260)	-
Operating (loss)/profit	3	<u>(144)</u>	<u>260</u>
Interest receivable	6	1,434	1,560
Interest payable and similar charges	7	(1,190)	(1,172)
Profit on ordinary activities before taxation		<u>100</u>	<u>648</u>
Taxation	8	(34)	(270)
Profit on ordinary activities after taxation		<u>66</u>	<u>378</u>
Dividends	9	(54)	(153)
Retained profit for the year		<u>12</u>	<u>225</u>

\* see note 1

The historical cost profit and reported profit are the same.

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 2002**

	Note	2002 £'000	2001 £'000 (Restated)*
<b>Fixed assets</b>			
Tangible fixed assets	10	-	3
<b>Current assets</b>			
Debtors: due within one year	11	555	606
due in more than one year	11	17,927	18,235
		<u>18,482</u>	<u>18,841</u>
Cash at bank and in hand		1,205	1,184
		<u>19,687</u>	<u>20,025</u>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	12	(1,461)	(444)
<b>Net current assets</b>		<u>18,226</u>	<u>19,581</u>
<b>Total assets less current liabilities</b>		<u>18,226</u>	<u>19,584</u>
Creditors: amounts falling due after one year	12	(16,772)	(18,142)
<b>Net assets</b>		<u>1,454</u>	<u>1,442</u>
<b>Capital and reserves</b>			
Called up share capital	15	967	967
Reserves	14	487	475
<b>Equity shareholders' funds</b>	14	<u>1,454</u>	<u>1,442</u>

\* see note 1

The financial statements on pages 5 to 14 were approved by the Board of Directors on  
6 May 2003 and were signed on its behalf by:



G Blood  
Director



## **Notes to the financial statements for the year ended 31 December 2002**

### **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.

The company applied the provisions of FRS 19 'Deferred Taxation' for the first time during the year. This has not resulted in a prior year restatement.

#### **Basis of preparation**

The 2001 balance sheet has been restated to transfer capitalised debt issue costs out of the amounts recoverable on contract to gross debt, in accordance with FRS4, 'Capital Instruments'. The total amount transferred was £407,676. There has been no net effect to the current or prior year profit and loss account.

The 2001 profit and loss account comparatives have been restated for presentation purposes to reclassify items previously recognised as operating costs to cost of sales. There has been no impact on retained profit.

#### **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 and SSAP21.

#### **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.

#### **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.

## Notes to the financial statements for the year ended 31 December 2002 (continued)

### 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

### 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 2002, 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.

<b>2</b>	<b>Turnover</b>	<b>2002</b>	<b>2001</b>
		<b>£'000</b>	<b>£'000</b>
	Turnover in the year is analysed as follows:		
	Concession unitary income	695	794
	Third party revenue	56	41
	Other	19	9
	<b>Total</b>	<b>770</b>	<b>844</b>

<b>3</b>	<b>Operating profit</b>	<b>2002</b>	<b>2001</b>
		<b>£'000</b>	<b>£'000</b>
	Operating profit is stated after charging:		
	Auditors' remuneration for:		
	Statutory audit services	11	5
	Tax advisory services	27	6
	Depreciation	3	1

## Notes to the financial statements for the year ended 31 December 2002 (continued)

### 4 Emoluments of directors

	2002 £'000	2001 £'000
All directors	<u>62</u>	<u>34</u>
Highest Paid Director	<u>23</u>	<u>13</u>

The emoluments of directors shown above are in respect of qualifying services to the company and were borne by fellow subsidiary undertakings on behalf of the company.

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 £33,780.

Retirement benefits are accruing to 5 (2001: 5) for directors under defined benefit schemes. None of the directors exercised share options in the ultimate parent undertaking, John Laing plc during the year (2001: nil).

### 5 Staff numbers & costs

The Company had 5 employees during the year (2001: 5).

	2002 £'000	2001 £'000
Salaries	141	135
Pension Contributions	7	6
Social Security	<u>4</u>	<u>8</u>
<b>Total</b>	<u>152</u>	<u>149</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 dependent upon, the amounts of contributions paid in and the investment performance of the employees' personal accounts.

### 6 Interest receivable

	2002 £'000	2001 £'000
Amounts receivable on swaps and bank deposits	48	150
Interest receivable on finance debtor	<u>1,386</u>	<u>1,410</u>
	<u>1,434</u>	<u>1,560</u>

**Notes to the financial statements****for the year ended 31 December 2002 (continued)****7 Interest payable and similar charges**

	2002 £'000	2001 £'000
On bank loans and overdrafts	1,174	1,172
Amortised debt issue costs	<u>16</u>	<u>-</u>
	<u>1,190</u>	<u>1,172</u>

**8 Taxation**

## Analysis of charge for the year

	2002 £'000	2001 £'000
Current tax		
UK corporation tax on profit for the year	34	195
Adjustments in respect of previous periods	<u>-</u>	<u>75</u>
Total current tax	<u>34</u>	<u>270</u>

in the UK (30 %) to the company's accounting profit before taxation for the following reasons:

	2002 £'000	2001 £'000
Profit on ordinary activities before tax	<u>100</u>	<u>648</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK (30%)	30	195
Effects of:		
Prior year adjustment	-	75
Others	4	-
Total current tax	<u>34</u>	<u>270</u>

**Notes to the financial statements****for the year ended 31 December 2002 (continued)****9 Dividends**

	2002 £'000	2001 £'000
The following have been paid:		
Equity on ordinary shares		
Interim - paid	<u>54</u>	<u>153</u>

**10 Fixed Assets**

	Computer Equipment £'000
<b>Cost or Valuation</b>	
At 1 January 2002 and 31 December 2002	5
<b>Accumulated Depreciation</b>	
At 1 January 2002	2
Charge for the year	3
At 31 December 2001	<u>5</u>
<b>Net Book Value</b>	
At 31 December 2001	3
At 31 December 2002	<u>-</u>

**11 Debtors**

	2002 £'000	2001 £'000 (Restated)
Trade debtors	300	371
Finance debtor	248	235
Prepayments and accrued income	<u>7</u>	<u>-</u>
	<u>555</u>	<u>606</u>
<b>Due after more than one year</b>		
Finance debtor	<u>17,927</u>	<u>18,235</u>
	<u>17,927</u>	<u>18,235</u>

The finance lease debtor includes cumulative net interest capitalised of £806,355 (2001: £819,941).

# Notes to the financial statements

## for the year ended 31 December 2002 (continued)

### 12 Creditors

	2002 £'000	2001 £'000 (Restated)
<b>Amounts falling due within one year</b>		
Bank loans (Note 13)	701	-
Trade creditors	3	-
Amounts due to group undertakings	28	35
Corporation tax	139	270
Other taxation and social security	28	21
Other creditors	12	17
Accruals and deferred income	550	101
	<u>1,461</u>	<u>444</u>
<b>Amounts falling due after one year</b>		
Bank loans (Note 13)	17,164	18,550
Less: unamortised debt issue costs	<u>(392)</u>	<u>(408)</u>
	<u>16,772</u>	<u>18,142</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 £15 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%.

**Notes to the financial statements****for the year ended 31 December 2002 (continued)**

The maturity profile of the Company's bank loans was as follows:

	2002 £'000	2001 £'000 (Restated)
In one year or less, or on demand	701	-
In more than 1 year but less than 2 years	713	-
In more than 2 year but less than 5 years	1,085	-
In more than 5 years	15,366	18,550
Gross debt	17,865	18,550
Less: debt issue costs	(408)	(408)
Net debt	17,457	18,142

**14 Reconciliation of movements in shareholders' funds**

	2002			2001
	Share capital	Profit and loss account	Total shareholders' funds	Total
	£'000	£'000	£'000	£'000
Profit for the financial year	-	66	66	378
Dividends paid		(54)	(54)	(153)
	-	12	12	225
Opening shareholders' funds	967	475	1,442	1,217
Shareholders' funds as at 31 December	967	487	1,454	1,442

## Notes to the financial statements for the year ended 31 December 2002 (continued)

### 15 Share capital

	2002 £'000	2001 £'000
Authorised 967,000 ordinary shares of £1	<u>967</u>	<u>967</u>
Allotted Issued Fully Paid 967,000 ordinary shares of £1	<u>967</u>	<u>967</u>

### 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 company is a member of the John Laing group of companies. Its ultimate and controlling parent company, and the largest and smallest group in which the results of the company are consolidated is John Laing plc, a company registered in England and Wales.

Copies of these consolidated financial statements are available from the registered office at Nations House, 103 Wigmore Street, London, W1U 1RR.

The company is a wholly owned subsidiary of Equion plc, a company registered in England and Wales.