

Registered number
04122243

Education Link (2001) Limited
Annual report and financial statements
for the year ended
30 September 2010

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Education Link (2001) Limited

Annual report and financial statements for the year ended 30 September 2010

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Education Link (2001) Limited

Company information for the year ended 30 September 2010

Directors

Mr R J Livingstone

Mr L R Simmons

Company secretary

Mr R N Luck

Independent auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

1 Embankment Place

London

WC2N 6RH

Registered office

Quadrant House, Floor 6

4 Thomas More Square

London E1W 1YW

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Education Link (2001) Limited

Directors' report for the year ended 30 September 2010

The directors present their annual report and the audited financial statements of the company for the year ended 30 September 2010

Principal activities

The company's principal activity is the funding and construction of Newbury College of Further Education and operation of related facilities management services under a Private Finance Initiative ('PFI') contract. The directors consider the financial position at 30 September 2010 to be satisfactory.

Principal risks and uncertainties

The key business risks and uncertainties affecting the company are considered to relate to the fact that the company operates within a highly competitive market place. Further discussion of the risks and uncertainties, in the context of the group as a whole, are discussed in the company's ultimate parent's group annual report which does not form part of this report.

The company has a floating interest rate loan and therefore the company is exposed to interest rate risk. In order to manage its interest rate risk, the company had entered into a fixed interest rate swap due to expire in June 2024.

Key performance indicators

The company is managed by the directors in accordance with the strategies of its ultimate parent company, Loopsign Limited, and for this reason, the directors believe that key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business. These strategies and key performance indicators are discussed in the company's ultimate parent's group annual report which does not form part of this report.

Results and dividends

The result for the year is set out in the profit and loss account on page 5. The directors do not recommend the payment of a dividend (2009 £nil).

During the year the Directors reconsidered the accounting treatment of the property asset. After detailed consideration the Directors concluded that the asset should be treated as a finance debtor rather than a fixed asset. The outcome of this decision was to restate total shareholder's deficit brought forward as at 1 October 2009 to £876,596, £297,680 lower than previously reported. The restated result for the year ended 30 September 2009, a profit of £255,844, was £191,990 less than the profit of £447,834 previously reported.

Directors

The directors of the company who served during the year and up to the date of signing the financial statements were

Mr R J Livingstone
Mr L R Simmons

Going concern

The directors believe that preparing the financial statements on the going concern basis is appropriate due to certain undertakings received from London & Regional Properties Limited and Education Link (Holdings) Limited. The directors have received confirmation that London & Regional Properties Limited and Education Link (Holdings) Limited will not demand repayment for any balances outstanding at 30 September 2010 for at least one year after these financial statements are signed.

Qualifying third party indemnity provisions

The company maintains liability insurance for its director and officer. Following shareholder approval, the company has also provided an indemnity for its director and the company secretary, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

Disclosure of information to auditors

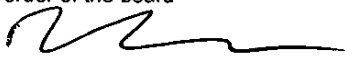
In so far as the directors are aware

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent Auditors

In the absence of a notice proposing that their appointment be terminated, PricewaterhouseCoopers LLP, are deemed to have been re-appointed as auditors for the next year.

By order of the board



Mr R N Luck
Company secretary

28 April 2011

Education Link (2001) Limited

Statement of directors' responsibilities for the year ended 30 September 2010

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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent, and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements

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.

By order of the board



Mr R N Luck

Company secretary

28 April

2011

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EDUCATION LINK (2001) LIMITED

We have audited the financial statements of Education Link (2001) Limited for the year ended 30 September 2010 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes. 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).

Respective responsibilities of director and auditors

As explained more fully in the Statement of director's responsibilities, the director is 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 the financial statements in accordance with the applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

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 30 September 2010 and of its loss for the year 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

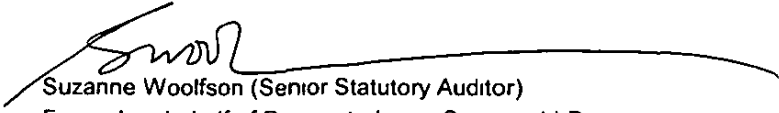
Opinion on other matters prescribed by the Companies Act 2006

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


Suzanne Woolfson (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

28 April 2011

Education Link (2001) Limited
Profit and loss account
for the year ended 30 September 2010

	Note	2010 £	2009 (restated) £
Turnover	1	902,967	875,753
Administrative expenses		(1,097,508)	(704,549)
Other operating income		-	342,884
Operating (loss)/profit	2	(194,541)	514,088
Interest receivable and similar income	3	261,637	275,751
Interest payable and similar charges	4	(530,117)	(533,995)
(Loss)/profit on ordinary activities before taxation		(463,021)	255,844
Tax on (loss)/profit on ordinary activities	6	-	-
(Loss)/profit for the financial year	14	<u>(463,021)</u>	<u>255,844</u>

All amounts relate to continuing operations

There is no material difference between the (loss)/profit on ordinary activities before taxation and the (loss)/profit for the financial years stated above and their historical costs equivalents

Education Link (2001) Limited
Statement of total recognised gains and losses
for the year ended 30 September 2010

	Notes	2010	2009
		£	(restated) £
(Loss)/profit for the financial year		(463,021)	255,844
Total recognised gains and losses related to the year		<u>(463,021)</u>	<u>255,844</u>
Prior year adjustment	1	297,680	
Total gains and losses recognised since the last annual report		<u>(165,341)</u>	

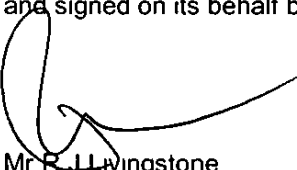
Education Link (2001) Limited
Balance sheet
as at 30 September 2010

Registered number
04122243

	Note	2010	2009
		£	(restated) £
Current assets			
Debtors due within one year	7	1,339,209	1,050,849
Debtors due after one year	7	4,633,680	4,845,850
Cash at bank and in hand		1,612,350	1,530,572
		<u>7,585,239</u>	<u>7,427,271</u>
Creditors amounts falling due within one year	8	(1,443,326)	(995,708)
Net current assets		<u>6,141,913</u>	<u>6,431,563</u>
Creditors: amounts falling due after more than one year	9	(7,206,241)	(7,052,517)
Provisions for liabilities			
Other provisions	12	(275,289)	(255,642)
Net liabilities		<u>(1,339,617)</u>	<u>(876,596)</u>
Capital and reserves			
Called up share capital	13	2	2
Profit and loss reserve	14	(1,339,619)	(876,598)
Total shareholder's deficit	15	<u>(1,339,617)</u>	<u>(876,596)</u>

These financial statements were approved by the board of directors on
and signed on its behalf by

2011


Mr R. J. Livingstone
Director.
28 April 2011

Education Link (2001) Limited
Notes to the financial statements
for the year ended 30 September 2010

1 Accounting policies

Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention as modified for the revaluation of investment properties, and in accordance with the Companies Act 2006 except as noted below and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Change in Accounting Policy

The Board has reconsidered the accounting treatments applied by the Company. In their opinion, having fully reconsidered Financial Reporting Standard (FRS) 5 - Application Note F, the Board has concluded that the risks and rewards relating to the property transfer substantially to the customer. As such it was considered more appropriate for the property provided to be treated as a finance debtor, rather than as a fixed asset as previously recognised, in the books of the Company. The cumulative impact has been recognised in the financial statements as a prior year adjustment and comparative figures for 2009 have been restated.

The movement in net assets due to the adjustment is analysed below:

	£
Net Liabilities as previously reported at 30 September 2009	(1,174,276)
Removal of investment property	(4,750,000)
Inclusion of finance debtor	5,047,680
Net Liabilities at 30 September 2009 as restated	<u>(876,596)</u>

The total of the above adjustments £297,680 is shown in the Statement of Total Recognised Gains and Losses.

The impact on the profit and loss account for the year ended 30 September 2009 of recognising the asset as a finance debtor is as follows:

	£
Profit for the financial year as previously reported	447,834
Effect of allocating the unitary charge to the finance debtor	(191,990)
Profit for the financial year as restated	<u>255,844</u>

Going concern

The directors believe that preparing the financial statements on the going concern basis is appropriate due to certain undertakings received from London & Regional Properties Limited and Education Link (Holdings) Limited. The directors have received confirmation that London & Regional Properties Limited and Education Link (Holdings) Limited will not demand repayment for any balances outstanding at 30 September 2010 for at least one year after these financial statements are signed.

Finance costs

Finance costs, including issue costs which are initially recognised as a reduction in the proceeds of the associated capital instrument, are amortised over the period of the loans in accordance with FRS4.

Accounting for PFI assets

Costs incurred in the construction of Newbury College have been accounted for under Financial Reporting Standard (FRS) 5 Application Note F.

Applying the guidance within the Application Note indicates that the project's principal agreements transfer substantially all the risks and rewards of ownership to the customer. As such the costs incurred by the company on the design and construction of the College have been treated as a finance debtor within these financial statements and the prior year figures have been adjusted accordingly.

Education Link (2001) Limited
Notes to the financial statements
for the year ended 30 September 2010

1 Accounting policies (continued)

Finance Debtor

When applying the guidance within Financial Reporting Standard (FRS) 5 Application Note F, it indicates that that project's principal agreements transfer substantially all the risks and rewards of ownership to the customer. As such the costs incurred by the Company on the design and construction of the college have been treated as a finance debtor within these financial statements.

Unitary charge income is allocated between turnover and reimbursement of the finance debtor so as to generate a constant rate of return in respect of the finance debtor over the life of the contract. Turnover represents the income allocated to the services provided as part of the overall project.

Deferred taxation

Deferred tax is provided in respect of all timing differences that have originated, but not reversed, at the balance sheet date that give rise to an obligation to pay more or less tax in the future. Deferred tax is not recognised when fixed assets are revalued unless, by the balance sheet date, there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements.

Deferred tax is measured on a non-discounted basis. A 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 periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Cash flow statement

The company has taken advantage of the exemption in Financial Reporting Standard Number 1 (revised 1996) from including a cash flow statement on the grounds that the company is wholly owned and its ultimate parent publishes a consolidated cash flow statement.

Provisions

Provisions are recognised when the company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Deferred income

Income from rental properties is allocated in the year to which it relates, with payments received in advance held as deferred income and credited to the profit and loss when earned.

Turnover

Turnover represents rental income, net of value added tax, which is recognised over the term of the lease on a straight-line basis.

The total turnover of the company for the year has been derived from its principal activity, wholly undertaken in the UK.

2 Operating profit	2010	2009
	£	£
Operating profit is stated after charging		
Auditors' remuneration	-	-

Auditors' remuneration has been borne by London & Regional Properties Limited

Education Link (2001) Limited
Notes to the financial statements
for the year ended 30 September 2010

3 Interest receivable and similar income	2010	2009 <i>(restated)</i>
	£	£
Bank interest receivable	2,987	7,261
Finance debtor interest	258,650	268,490
	<u>261,637</u>	<u>275,751</u>
4 Interest payable and similar charges	2010	2009
	£	£
On bank borrowings repayable after more than 5 years	231,232	267,989
On amounts owed to immediate parent	<u>298,885</u>	<u>266,006</u>
	<u>530,117</u>	<u>533,995</u>

5 Directors' emoluments

The directors did not receive any emoluments in respect of their services to the company (2009 £nil)
The company has no employees (2009 nil) none other than the directors

The emoluments of one of the directors are paid by a fellow subsidiary company which makes no recharge to the company. Mr Livingstone is a director of the ultimate parent company and a number of fellow subsidiary companies and it is not possible to make an accurate apportionment of his emoluments in respect of each of the subsidiaries. Accordingly, the above details include no emoluments in respect of Mr Livingstone. His total emoluments are included in the aggregate of directors' emoluments included in the financial statements of the ultimate parent company.

Mr Simmons is a director in a minority shareholder in the company's parent company. His emoluments are all paid by the minority shareholder.

6 Tax on Profit on ordinary activities

No tax has been provided for due to the taxable loss made in the year.

Factors affecting the tax charge for the period

The tax assessed for the year is lower (2009 lower) than the standard rate of corporation tax in the UK of 28%.

	2010	2009 <i>(restated)</i>
	£	£
(Loss)/profit on ordinary activities before taxation	<u>(463,021)</u>	<u>255,844</u>
Profit on ordinary activities multiplied by the standard rate in the UK 28% (2009 28%)	(129,646)	71,636
Effects of		
Finance debtor interest	(72,422)	(75,177)
Gross capital element of unitary charge received in the year	128,934	128,934
Capital allowances over depreciation	(94,023)	(117,529)
Surrender/(utilisation) of tax losses	167,157	(7,864)
Total current tax charge for the year	<u>-</u>	<u>-</u>

Education Link (2001) Limited
Notes to the financial statements
for the year ended 30 September 2010

6 Tax on Profit on ordinary activities (continued)

The company has surrendered tax losses amounting to £209,354 to fellow subsidiary undertakings without receiving a payment

In the prior year, the corporation tax charge was reduced by £28,086 because of losses surrendered by fellow subsidiary undertakings. No payment for this surrender was made by the company

No provision has been made for deferred tax on gains recognised on revaluing the property to its open market value. The directors have no intention of selling the property, and therefore, at present, it is not envisaged that any tax will become payable in the foreseeable future. The directors consider that it is too onerous to provide an estimate of the tax that would be payable if the property was sold at the value shown. Such a tax estimate is not considered meaningful as properties are often divested through the sale of companies

Factors affecting future tax changes

Reductions to the UK corporation tax rate were announced in the June 2010 Budget. The changes, which were enacted on 30 September 2010, reduce the rate by 1% per annum to 24% by 1 April 2014. Furthermore, in the Budget on 23 March 2011, the UK Government proposed to reduce the Corporation Tax rate by an additional 1% with effect from 1 April 2011. These changes have no impact on these financial statements

7 Debtors	2010	2009
	£	(restated) £
Trade debtors	1,127,039	849,019
Amounts recoverable under PFI contracts	<u>4,845,850</u>	<u>5,047,680</u>
	<u>5,972,889</u>	<u>5,896,699</u>

The debtors above include the following amounts falling due after more than one year

	2010	2009
	£	(restated) £
Amounts recoverable under PFI contracts	<u>4,633,680</u>	<u>4,845,850</u>

Finance Debtor

The movement in the finance debtor is analysed as follows

	2010	2009
	£	(restated) £
At 1 October	5,047,680	5,239,670
Capital element of payments received in the period	(201,830)	(191,990)
At 30 September	<u>4,845,850</u>	<u>5,047,680</u>

Education Link (2001) Limited
Notes to the financial statements
for the year ended 30 September 2010

8 Creditors amounts falling due within one year	2010	2009
	£	£
Bank loan (see note 10)	145,161	136,101
Trade creditors	72,397	53,617
Amounts owed to group undertakings	662,968	602,968
Taxation and social security	422,015	3,594
Other creditors	46,000	46,000
Accruals and deferred income	94,785	153,428
	<u>1,443,326</u>	<u>995,708</u>

The amounts owed to group undertakings are interest free, repayable on demand and unsecured

9 Creditors amounts falling due after more than one year	2010	2009
	£	£
Bank loan (see note 10)	4,189,195	4,334,356
Amounts owed to parent undertaking	<u>3,017,046</u>	<u>2,718,161</u>
	<u>7,206,241</u>	<u>7,052,517</u>

The loan from the parent undertaking is unsecured and is repayable after the bank loan is fully repaid
The loan bears interest at 12.0% per annum

10 Bank loan	2010	2009
	£	£
Bank loan	<u>4,334,356</u>	<u>4,470,457</u>
Analysis of maturity of debt		
Within one year or on demand	145,161	136,101
Between one and two years	319,957	299,986
Between two and five years	363,975	341,257
After five years	<u>3,505,263</u>	<u>3,693,113</u>
	<u>4,334,356</u>	<u>4,470,457</u>

The bank loan is secured by a charge over the investment property and is repayable from surplus income and by a bullet in December 2024. The bank loan bears interest at an effective fixed rate of 6.53% per annum (2009: 6.53%). Fluctuations in LIBOR have been hedged through an interest rate swap fixed at 5.720% per annum.

11 Fair values of financial instruments

The company borrows at both fixed and floating rates of interest and then employs derivative financial instruments in the form of interest rate swaps to manage the company's exposure to interest rate fluctuations. The fair value of the interest rate swap outstanding is a negative £659,718 (2009: negative £480,832) at the balance sheet date.

Education Link (2001) Limited
Notes to the financial statements
for the year ended 30 September 2010

12 Provisions for liabilities	2010
	£
At 1 October 2009	255,642
Charge to the profit and loss account	103,620
Utilised during the year	(83,973)
At 30 September 2010	<u>275,289</u>

The life cycle provision relates to contractual obligations under the PFI project agreement in respect of life cycle replacement programmes and is released as expenditure on replacement plant in buildings is incurred

13 Called up share capital	2010	2009
	£	£
Authorised 1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
	2010	2009
	Number	Number
Allotted and fully paid Ordinary shares of £1 each	<u>2</u>	<u>2</u>

14 Profit and loss reserve	£
At 1 October 2009 as previously reported	200,522
Transfer from revaluation reserve	(1,374,800)
Prior year adjustment (see note 1)	<u>297,680</u>
At 1 October 2009 as restated	(876,598)
Loss for the financial year	(463,021)
At 30 September 2010	<u>(1,339,619)</u>

15 Reconciliation of movement in shareholder's deficit	2010	2009
	£	(restated)
	£	£
At 1 October as previously reported	-	(1,372,110)
Transfer from revaluation reserve	-	(250,000)
Effect of amortisation of finance debtor	-	191,990
Prior year adjustment (see note 1)	-	<u>297,680</u>
At 1 October as restated	(876,596)	(1,132,440)
(Loss)/profit for the financial year	(463,021)	255,844
At 30 September	<u>(1,339,617)</u>	<u>(876,596)</u>

16 Related party transactions

The company has taken advantage of the exemption under paragraph 3(c) from the provisions of FRS8, 'Related Party Disclosures', on the grounds that it is wholly owned subsidiary of a group headed by Loopsign Limited, whose financial statements are publicly available

Education Link (2001) Limited
Notes to the financial statements
for the year ended 30 September 2010

17 Parent undertaking

The immediate parent undertaking is Education Link (Holdings) Limited

The ultimate parent undertaking is Loopsign Limited, a company incorporated in England and Wales

London & Regional Group Holdings Limited is the parent undertaking of the smallest group of undertakings to consolidate these financial statements as at 30 September 2010. Loopsign Limited is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 30 September 2010. The consolidated financial statements of Loopsign Limited can be obtained from the company secretary at

Quadrant House, Floor 6
4 Thomas More Square
London
E1W 1YW

The ultimate controlling parties are I M Livingstone and R J Livingstone through their joint ownership of Loopsign Limited