

Schools Investment Company (IRL) Limited

Report and Financial Statements

Year Ended 31 December 2007

Company number: 4212551



Schools Investment Company (IRL) Limited

Report and financial statements for the year ended 31 December 2007

Contents

Page:

1	Report of the directors
3	Report of the independent auditors
5	Profit and loss account
6	Balance sheet
7-11	Notes forming part of the financial statements

Directors

R McClatchey
A Matthews (resigned 18 November 2007)
N Middleton
O Jennings

Secretary and registered office

Law Debenture Corporate Services Limited, 100 Wood Street, London,
EC2V 7EX

Company number

4212551

Accountants and business advisers

Barclays Private Equity, Condor House, St Paul's Churchyard, London,
EC4M 8AL

Auditors

PricewaterhouseCoopers LLP, Hay's Galleria, 1 Hay's Lane, London SE1 2RD

Schools Investment Company (IRL) Limited

Report of the directors for the year ended 31 December 2007

The directors present their report together with the audited financial statements for the year ended 31 December 2007

Results and dividends

The profit and loss account is set out on page 5 and shows the results for the year. The directors have not proposed a dividend.

Principal activity, review of business and future developments

The company's principal activity is that of an intermediate holding company of Schools Public Private Partnership (Ireland) Limited.

Directors

The directors of the company during the year were

R McClatchey
A Matthews (resigned 18 November 2007)
N Middleton
O Jennings

No director had any interest in the share capital of the company.

Statement of directors' responsibilities

Companies Act 1985 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 of the company for that period in accordance with applicable law and United Kingdom accounting standards. 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 departure disclosed and explained in the financial statements, 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 which 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 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.

Schools Investment Company (IRL) Limited

Report of the directors for the year ended 31 December 2007 (*Continued*)

Statement of disclosure of information to auditors

As so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. The directors have each taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

Directors' Indemnities

Qualifying third-party indemnity provisions (as defined by section 309B of the Companies Act 1985) were in force during the course of the financial year ended 31 December 2007 for the benefit of the then Directors and, at the date of this report, are in force for the benefit of the Directors in relation to certain losses and liabilities which they may incur (or have incurred) in connection with their duties/powers of office.

On behalf of the Board



R McClatchey
Director
30th May 2008

Schools Investment Company (IRL) Limited

Independent auditors' report to the members of Schools Investment Company (IRL) Limited

We have audited the financial statements of Schools Investment Company (IRL) Limited for the year ended 31 December 2007 which comprise the Profit and loss account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to 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.

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 report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements. We also 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 Report of the Directors 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 judgments 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.

Schools Investment Company (IRL) Limited

Independent auditors' report to the members of Schools Investment Company (IRL) Limited (continued)

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 2007 and for its result 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 Report of the Directors is consistent with the financial statements

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

3 June 2008

Schools Investment Company (IRL) Limited

Profit and loss account for the year ended 31 December 2007

	Note	2007 £	2006 £
Gain on sale of investment		-	230,852
Interest and similar income	3	297,514	383,096
Interest and similar charges	4	(297,514)	(383,096)
		<hr/>	<hr/>
Results on ordinary activities before taxation		-	230,852
Taxation	5	-	(69,256)
		<hr/>	<hr/>
Results on ordinary activities after taxation		-	161,596
		<hr/>	<hr/>

There are no other recognised gains and losses other than the results above and therefore no separate Statement of Total Recognised Gains and Losses has been prepared.

There is no difference between the results disclosed in the profit and loss account and their historical cost equivalent

The result for the year is wholly attributable to the continuing operations of the company

The notes on pages 7 to 11 form part of these financial statements

Schools Investment Company (IRL) Limited**Balance sheet at 31 December 2007**

	Note	2007 £	2006 £
Investment	6	2,991,222	2,767,608
Current assets			
Debtors	7	161,597	230,853
Accrued Interest		163,813	383,096
		325,410	613,949
Creditors: amounts falling due within one year	8	(2,871,774)	(2,936,700)
Net current liabilities		(2,546,365)	(2,322,751)
Net Assets		444,857	444,857
Capital and reserves – equity			
Called up share capital	9	283,261	283,261
Retained earnings	10	161,596	161,596
Shareholder's funds	10	444,857	444,857

The financial statements were approved by the Board on 30th May 2008



R McClatchey
Director

The notes on pages 7 to 11 form part of these financial statements

Schools Investment Company (IRL) Limited

Notes forming part of the financial statements for the year ended 31 December 2007

1 Accounting policies

The financial statements have been prepared under the historical cost convention, and are in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom

The principal accounting policies, which have remained unchanged throughout the year, are as follows

Investment

The company's investment is stated at cost less any provision for a permanent diminution in value. The company is exempt by virtue of Section 247 (a) of the Companies Act 1985, as a medium sized group, from the requirement to equity account for its investment in the financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

The company assesses at each balance sheet date whether there is objective evidence that the investment is impaired. Impairment allowances are calculated based on the difference between the carrying amount of the asset and its estimated recoverable amount, calculated from expected cashflows from it.

The company recognises financial assets from the trade date and continues to recognise them until the right to receive cashflows have expired or the company has transferred substantially all the risk and rewards of ownership. Gains and losses on sale are recognised in the year in which they arise.

Cash flow statement

The company is exempt from the requirement of Financial Reporting Standard No 1 to prepare a cash flow statement as it is entitled to the filing exemptions as a small company under Sections 246 to 249 of the Companies Act 1985 when filing accounts with the Registrar of Companies.

Interest

Interest receivable is accounted for on an accruals basis. Interest income is interest on loan notes receivable and is included within 'Interest and similar income'. The interest payable on the loan notes issued to the parent company is included within 'Interest and similar charges'.

Foreign Exchange

Monetary assets and liabilities denominated in a foreign currency are translated into sterling at the rate of exchange prevailing at the date of transaction. Monetary assets and liabilities are subsequently translated at the year end closing exchange rate. Exchange gains and losses are represented as part of profit and loss for the year.

Schools Investment Company (IRL) Limited

Notes forming part of the financial statements for the year ended 31 December 2007 (continued)

2 Directors' emoluments, employees and audit fees

The directors did not receive any emoluments in respect of their services to the company during the year (2006 nil). The company had no employees during 2007 or 2006. The audit fee in 2007 and 2006 has been borne by the parent undertaking and will not be recharged to the company. The audit fee for the year was £3,500 (2006 £3,000).

3 Interest and similar income

	31 Dec 2007 £	31 Dec 2006 £
Interest on loan notes (refer note 6)	297,514	383,096
	<hr/>	<hr/>

4 Interest and similar charges

	31 Dec 2007 £	31 Dec 2006 £
Interest on loan notes (refer note 8)	297,514	383,096
	<hr/>	<hr/>

5 Taxation

	31 Dec 2007 £	31 Dec 2006 £
The analysis of the charge for the year is as follows:		
Current Taxation:		
United Kingdom Corporation tax	-	69,256
	<hr/>	<hr/>

The standard rate of tax is 30% (2006 30%)

Schools Investment Company (IRL) Limited

Notes forming part of the financial statements for the year ended 31 December 2007
(Continued)

6 Investment

Unlisted investment at cost

	31 Dec 2007 £	31 Dec 2006 £
Schools Public Private Partnership (Ireland) Limited		
Class 'A' Shares – 458,200	283,260	283,260
Loan Notes - €3,687,269	2,707,962	2,484,348
	<hr/>	<hr/>
	2,991,222	2,767,608
	<hr/>	<hr/>

The unrealised exchange gain on the loan notes is £223,614

The loan notes are unsecured, interest bearing at 12% p a and have a schedule of principle repayments with a contractual maturity of 12 September 2031 Interest is due quarterly in arrears

Any interest not paid on the date for payments will accrue interest and the rate shall be increased by 2 % per annum until such time as the interest is paid

Schools Public Private Partnership (Ireland) Limited may redeem at any time prior to the date of maturity, together with any accrued interest, the whole or any part of the Loan Notes outstanding The repayment will be made at a premium of 10% of the par value of the Notes

% of	equity	Country of	
Name	held	incorporation	Nature of business
Schools Public Private Partnership (Ireland) Limited	50%	UK	Management, construction and operation of schools

Schools Investment Company (IRL) Limited**Notes forming part of the financial statements for the year ended 31 December 2007
(Continued)**

7 Debtors	31 Dec 2007 £	31 Dec 2006 £
Amount owed by parent entity	160,853	230,853
Taxation	744	-
	<u>161,597</u>	<u>230,853</u>

The amount receivable from Barclays European Infrastructure Fund L P relates to funds received on behalf on the company regarding the disposal of fixed asset investment in 2006. The amount is non interest bearing and is unsecured.

8 Creditors: amounts falling due within one year

	31 Dec 2007 £	31 Dec 2006 £
Amount owed to parent entity - €3,687,269	2,707,962	2,484,348
Taxation	-	69,256
Accrued Interest	163,813	383,096
	<u>2,648,161</u>	<u>2,936,700</u>

Amounts owed to the parent undertaking consists of loan notes that are repayable on demand and bear interest at rates from 12 % p a and accrued interest. The loan notes are unsecured and the company may redeem at any time prior to the contractual maturity date, together with any accrued interest, the whole or any part of the loan notes outstanding. The repayment will be made at a premium of 10.0% of the nominal value of the loan notes.

The unrealised exchange loss on the loan notes due to the parent company is £223,614.

Schools Investment Company (IRL) Limited

Notes forming part of the financial statements for the year ended 31 December 2007(Continued)

9 Share capital

	Ordinary shares of £1 each Number
Authorised share capital	
At 31 December 2007 and 31 December 2006	500,000
	<hr/>
Issued and called up	£
At 31 December 2007 and 31 December 2006	283,261
	<hr/>

The rights of the company's ordinary shares are set out in the company's memorandum and articles of association

10 Reconciliation of movements in shareholder's funds

There has been no change in shareholder's funds during the current year

11 Related Party Transactions

The company incurred interest of £297,541 on loan notes issued to Barclays European Infrastructure Fund L P. Barclays European Infrastructure Fund L P also paid £70,000 of taxation on behalf of the company.

The amount due to Barclays European Infrastructure Fund L P as at 31 December 2007 is £2,707,962 (2006 £2,484,348) as disclosed in Note 8. The amount due from Barclays European Infrastructure Fund L P as at 31 December 2007 is £160,853 (2006 £230,853) as disclosed in Note 7.

12 Parent entity

The company's ultimate parent entity during the year was Barclays European Infrastructure Fund L P.