Financial Statements
D4E Mulberry Limited

For the year ended 30 September 2008

Company No. 4367731

Company information

Company registration number :	4367731
Registered office :	Parkwood House Cuerden Park Berkeley Drive Bamber Bridge Preston Lancashire PR5 6BY
Directors :	M T Smith J Lightfoot I Gethin K Clear
Secretary :	S L Booker
Bankers :	Bank of Scotland plc The Mound Edinburgh EY1 1YZ
Solicitors :	Bevan Brittan LLP Kings Orchard 1 Queen Street Bristol BS2 0HQ
Auditors :	Grant Thornton UK LLP Registered Auditors Chartered Accountants 4 Hardman Square Spinningfields Manchester M3 3EB

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Report of the Directors

The directors present their report together with the audited financial statements for the year ended 30 September 2008.

Principal activity

D4E Mulberry was formed to design, construct and refurbish, and to provide lifecycle maintenance and facility management services to Mulberry Girls School in the London Borough of Tower Hamlets for a period of 27 years. The partnership with the London Borough of Tower Hamlets has been procured under the government's Public Private Partnership initiative.

Business review

There was a profit for the year after taxation of £31,927 (2007: loss £31,251). The directors do not recommend the payment of a dividend (2007: £Nil). The profit of £31,927 (2007: loss £31,251) has been transferred to reserves.

Directors

The directors of the company are listed below. All served on the Board throughout the year unless otherwise stated:

M T Smith
J Lightfoot
I Gethin
K Clear (appointed 22 May 2008)
K Gillespie (resigned 1 April 2008)

Financial risk management objectives and policies

The entity is exempt from disclosing financial risk management objectives and policies on the basis it meets the size criteria for a small company.

Statement of directors' responsibilities

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare the financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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 period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgments and estimates that are reasonable and prudent
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Report of the Directors

The directors are responsible for keeping proper accounting records that 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.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 auditors are aware of that information.

Auditors

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD

SLBooker

S L Booker
Company Secretary

11 February 2009

Grant Thornton

Report of the independent auditors to the members of D4E Mulberry Limited

We have audited the financial statements of D4E Mulberry Limited for the year ended 30 September 2008 which comprise the principal accounting policies, the profit and loss account, the balance sheet and the related notes 1 to 13. 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 Report of the Directors and financial statements in accordance with United Kingdom law and 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 of 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 Report of the Directors 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 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 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.

Grant Thornton

Report of the independent auditors to the members of D4E Mulberry Limited

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 30 September 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' reports is consistent with the financial statements.

Grant Thornton UK LLP

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
MANCHESTER

11 February 2009

Principal accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom.

The financial statements have been prepared on the going concern basis as the financial projections indicate that sufficient funds will be generated to allow ongoing obligations to be met as they fall due.

The accounting policies of the company have remained unchanged from the previous year and are set out below.

Turnover

Turnover recognised represents the value of work done on long term contracts and the amounts derived (excluding VAT) from the provision of services to customers.

Taxation

Current tax, including UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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

Capital instruments

Shares are included in shareholder funds. Other debt instruments, which contain an obligation to repay, are classified as liabilities. The finance cost recognized in the profit and loss account in respect of capital instruments other than shares is allocated to periods over the operating life of the instrument to which they relate at a constant rate on the carrying amount.

Principal accounting policies

Finance debtor

Costs incurred in the construction of the school have been accounted for under Financial Reporting Standard 5 Application Note F.

Applying the guidance within the Application Note indicates that the project's principle agreement transfers substantially all the risks and rewards of ownership to the customer.

As such the costs incurred on the project have been treated as a finance debtor within these accounts.

Cash flow statement

The company qualifies as a small company under the Companies Act 1985, and is therefore exempt under FRS1 from preparing a cash flow statement.

Profit and loss account

	Note	2008 £	2007 £
Turnover - continuing operations	1	**1,207,449**	1,042,172
Cost of Sales		**(604,003)**	(606,089)
Gross Profit		**603,446**	436,083
Administration expenses		**(406,441)**	(352,377)
Operating profit - continuing activities		**197,005**	83,706
Interest receivable		**55,940**	50,993
Interest receivable on finance debtor		**466,014**	511,412
Interest payable	2	**(674,615)**	(704,412)
Profit/ (loss) on ordinary activities before taxation	1	**44,344**	(58,301)
Tax on profit/ (loss) on ordinary activities	3	**(12,417)**	27,050
Retained profit/ (loss) for the financial year	9	**31,927**	(31,251)

There were no recognised gains or losses other than the result for the financial year.

Balance sheet

	Note	2008 £	2007 £
Current assets			
Debtors due within one year	4	**197,460**	199,221
Debtors due after more than one year	4	**6,013,505**	6,129,722
Cash at bank and in hand		**1,136,795**	919,573
		7,347,760	7,248,516
Creditors: amounts falling due within one year	5	**(1,787,142)**	(1,357,776)
Total assets less current liabilities		**5,560,618**	5,890,740
Creditors: amounts falling due after more than one year	6	**(8,042,836)**	(8,417,302)
Provision for liabilities	7	**(104,261)**	(91,844)
Net liabilities		**(2,586,479)**	(2,618,406)
Capital and reserves			
Called up share capital	8	**1,500**	1,500
Profit and loss account	9	**(2,587,979)**	(2,619,906)
Shareholders' deficit	10	**(2,586,479)**	(2,618,406)

The financial statements were approved by the Board of Directors on 11 February 2009 and signed on their behalf by :

M T Smith Director

Notes to the financial statements

1 Turnover and profit/(loss) on ordinary activities before taxation

Turnover and profit/ (loss) on ordinary activities before taxation arose in the United Kingdom from the principal activity of the company.

	2008	2007
Profit/ (loss) before tax is stated after charging:	£	£
Auditors' remuneration	**14,012**	7,702

There are no employees of the company (2007: Nil) and also Nil employee costs (2007: Nil).

The directors receive remuneration from the parent company and the allocation for their services to this company is Nil (2007: Nil).

2 Interest payable

	2008	2007
	£	£
Interest on bank loan	**534,779**	562,983
Interest on unsecured loan notes	**139,836**	141,429
	674,615	704,412

3 Tax on profit/(loss) on ordinary activities

	2008 £	2007 £
The taxation charge/ (credit) is based on the profit/ (loss) for the year and represents :		
Total current tax	–	–
Deferred tax - in respect of the current period	**12,417**	(27,050)
	12,417	(27,050)

Factors affecting the tax charge for the year
The tax assessed for the year differs from the standard rate of corporation tax in the United Kingdom of 29% (2007 : 30%). The differences are explained as follows :

	2008	2007
	£	£
Profit/ (loss) on ordinary activities before taxation	**44,344**	(58,301)
Tax on profit/ (loss) on ordinary activities at standard rate	**12,860**	(17,490)
Differences between capital allowances and depreciation	**(50,457)**	17,490
Increase in unused tax losses	**37,597**	–
Total current tax	–	–

4 Debtors

	2008	2007
	£	£
Amounts due within one year		
Finance debtor	**127,341**	129,449
Trade debtors	**53,812**	–
Amounts owed by related party undertakings	**10,666**	65,613
Other debtors	**5,641**	4,159
	197,460	199,221
Amounts due in more than one year		
Finance debtor	**6,013,505**	6,129,722
Finance debtor		
At 1 October 2007	**6,259,171**	6,369,119
Repayments received	**(118,325)**	(109,948)
At 30 September 2008	**6,140,846**	6,259,171

5 Creditors : amounts falling due within one year

	2008	2007
	£	£
Bank loan	**341,062**	334,133
Unsecured Loan Notes - owed to parent undertaking	**41,940**	49,977
Trade creditors	**101,180**	14,722
Other taxation	**50,519**	31,507
Amounts owed to related party undertakings	**58,981**	72,810
Accruals and deferred income	**1,193,460**	854,627
	1,787,142	1,357,776

6 Creditors : amounts falling due after more than one year

	2008	2007
	£	£
Bank loan	**7,415,082**	7,756,144
Unsecured loan notes - owed to parent undertaking	**785,676**	827,616
Issue costs	**(157,922)**	(166,458)
	8,042,836	8,417,302

The borrowings are repayable as follows:

	2008	2007
	£	£
Within one year		
Bank loan	**341,062**	334,133
Unsecured loan notes	**41,940**	49,977
After one year and within two years		
Bank loan	**351,896**	341,062
Unsecured loan notes	**47,532**	41,940
After two and within five years		
Bank loan	**1,140,477**	1,108,362
Unsecured loan notes	**181,740**	163,566
After five years		
Bank loan	**5,922,709**	6,306,720
Unsecured loan notes	**556,404**	622,110
	8,583,760	8,967,870

Bank loans have been hedged via swaps entered into on 15 May 2002. Swaps resulted in 100% of the outstanding debt being fixed.

At the year end, bank loans totalling £7,756,144 are held with Bank of Scotland plc. Bank of Scotland plc holds fixed and floating charges over the assets of D4E Mulberry (Holdings) Limited and D4E Mulberry Limited, assignation securities from D4E Mulberry (Holdings) Limited and D4E Mulberry Limited over D4E Mulberry Limited's right, title and interests in the Mulberry Schools Project and a deed of pledge from D4E Mulberry (Holdings) Limited in respect of shares in D4E Mulberry Limited.

At the year end £827,616 of unsecured loan notes were in issue to the company's parent company, D4E Mulberry (Holdings) Limited. The notes carry interest at a fixed rate of 16% per annum.

7 Provision for liabilities

	Deferred taxation £
At 1 October 2007	91,844
Charged to the profit and loss account	12,417
At 30 September 2008	104,261

Provision for deferred taxation consists of the following amounts:

	2008 £	2007 £
Capital allowances in excess of depreciation	**1,163,992**	1,115,275
Losses carried forward	**(1,059,731)**	(1,023,431)
	104,261	91,844

There is no unprovided deferred tax at 30 September 2008 (2007: Nil).

8 Share capital

	2008 £	2007 £
Authorised		
1,500 Ordinary shares of £1 each	**1,500**	1,500
Allotted, called up and fully paid		
1,500 Ordinary shares of £1 each	**1,500**	1,500

All ordinary shares in issue have equal voting and dividend rights.

9 Profit and loss account

	2008 £	2007 £
Balance brought forward	**(2,619,906)**	(2,588,655)
Retained profit/ (loss) for the year	**31,927**	(31,251)
Balance carried forward	**(2,587,979)**	(2,619,906)

10 Reconciliation of movement in shareholders' deficit

	2008 £	2007 £
Profit/ (loss) for the financial year	**31,927**	(31,251)
Opening shareholders' deficit	**(2,618,406)**	(2,587,155)
Closing shareholders' deficit	**(2,586,479)**	(2,618,406)

11 Capital commitments

The company has no capital commitments at the year end (2007: £Nil).

12 Ultimate parent undertaking

D4E Mulberry Limited is a wholly owned subsidiary of D4E Mulberry (Holdings) Limited. The accounts of D4E Mulberry (Holdings) Limited can be obtained from Companies House.

The Directors consider there to be no ultimate controlling party.

13 Related party transactions

D4E Mulberry purchased services in the normal course of business from shareholders of the ultimate parent undertaking or their groups as follows:

During the year, Parkwood Project Management Limited charged project management and administration fees of £43,305 (2007: £44,843). There was a net balance due from Parkwood Project Management Limited at 30 September 2008 amounting to £10,666 (2007: balance due to Parkwood Project Management Limited £4,619).

Facility management fees were paid to Parkwood Leisure Limited, a fellow group company of Parkwood Project Management Limited, of £575,380 (2007: £550,024). The net balance due to Parkwood Leisure Limited at 30 September 2008 was £57,461 (2007: £26,130).

Non executive director fees were paid in the year as follows:

- Uberior Infrastructure Investments Limited £3,566 (2007: £4,819)
- Leisureplan Investments Limited £1,789 (2007: £2,276)
- Trillium PPP Investment Partners No. 2 Limited £2,309 (2007: £3,433)

The balance due to Uberior Infrastructure Investments Limited at 30 September 2008 was £1,520 (2007: £1,461) and to Trillium PPP Investment Partners No. 2 Limited was £Nil (2007 : £6,791).

Interest due to be refunded from Bank of Scotland Plc at 30 September 2008 amounted to £nil (2007: £31,803).

During the year interest on the subordinated loan was paid to D4E Mulberry (Holdings) Limited of £139,836 (2007: £141,429). There was no interest outstanding at 30 September 2008 (2007: £nil).