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QED (Leeds) Holdings Limited

Report and Financial Statements

For the year ended 31 December 2008

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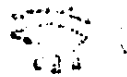
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Report and Financial Statements

| Contents | Page |
|--|-------------|
| Officers and Professional Advisers | 1 |
| Report of Directors | 2 |
| Independent Auditors' Report to the Members of QED (Leeds) Holdings Limited | 4 |
| Profit and Loss Account | 6 |
| Balance Sheet | 7 |
| Notes to the Accounts | 8 |

Reports and Financial Statements 2008

Officers and Professional Advisers

Directors

C Best
I Hudson
S Yazdabadi
J Graham

Company Secretary

M Rabbett

Registered Office

First Floor, Tricon House
Old Coffee House Yard,
London Road
Sevenoaks
Kent TN13 1AH

Auditors

H W Fisher & Company
Chartered Accountants
Acre House
11/15 William Road
London
NW1 3ER

Report of Directors

The directors present their report and the audited financial statements for the year ended 31 December 2008.

Review of business

The company is, and will continue to be, a holding company with a single subsidiary, QED (Leeds) Limited. The subsidiary signed a 27-year contract with Leeds City Council for the construction of ten primary schools. All schools are now in full service.

The company has incurred neither profit nor loss during the period under review (2007: £nil).

At 31 December 2008 the company had net assets of £1,000 (2007: £1,000).

There are no principal risks or uncertainties facing the company at this stage of the project. Due to the nature of the business, in the opinion of the directors there are no key performance indicators whose disclosure is necessary for an understanding of the development, performance or position of the business.

Directors and their interests

The following directors served throughout the period under review (except as noted) and to date:

C Best
I Hudson
S Yazdabadi
J Graham – appointed 07.05.2008
M Fernandes – resigned 07.05.2008

None of the directors held any interests in the share capital of the company or its subsidiary during the period.

Statement of Directors' responsibilities

The directors are responsible for preparing 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 period.

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, 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.

Report of Directors (continued)

The directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy the financial position of the company at any time 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.

Financial Instruments

The company does not hold any financial instruments that involve financial risk management (including price risk, credit risk, liquidity risk and cash flow risk) or any instrument that requires a hedge accounting policy.

Contributions for charitable and political purposes

The company made no political or charitable donations during the period (2007 - £Nil).


Disclosure of information to auditors

Each of the directors has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditors are unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditors are aware of such information.

Auditors

A resolution to re-appoint H W Fisher & Company will be proposed at the forthcoming Annual General Meeting.

**Approved by the Board of Directors
and signed on behalf of the Board**



M Rabbett

Company Secretary

10 June

2009

Independent Auditors' Report to the Members of QED (Leeds) Holdings Limited

We have audited the financial statements of QED (Leeds) Holdings Limited for the year ended 31 December 2008 set out on pages 6 to 11. These financial statements have been prepared under the accounting policies set out on page 8.

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 as described on page 2.

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.

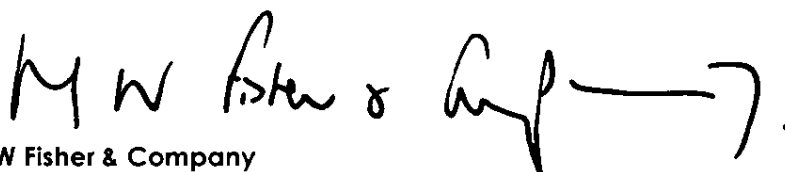
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent Auditors' Report to the Members of QED (Leeds) Holdings 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 31 December 2008 and of 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 Directors' Report is consistent with the financial statements.



H W Fisher & Company

Chartered Accountants and Registered Auditors

London

11 June 2009

Profit and Loss Account

For the year ended 31 December 2008

| | 2008 £'000 | 2007 £'000 |
|--|-----------------------|-----------------------|
| Operating Result | | |
| Interest receivable and similar items | | |
| Interest receivable on unsecured loan | 361 | 374 |
| Interest payable and similar items | | |
| Interest payable on unsecured loan | (361) | (374) |
| Result on ordinary activities before and after taxation and retained for the year | <u>-</u> | <u>-</u> |

Balance Sheet

31 December 2008

| | Note | 2008 £'000 | 2007 £'000 |
|--|------|---------------|---------------|
| Fixed Assets | | | |
| Investments | 5 | 1 | 1 |
| Subordinated loan to subsidiary undertaking | 6 | 2,710 | 2,757 |
| | | <u>2,711</u> | <u>2,758</u> |
| Current assets | 6 | 156 | 175 |
| Creditors: amounts falling due within one year | 7 | (156) | (175) |
| Total assets less current liabilities | | <u>2,711</u> | <u>2,758</u> |
| Creditors: amounts falling due after more than one year | | | |
| Subordinated loans from shareholders | 7 | (2,710) | (2,757) |
| Net assets | | <u>1</u> | <u>1</u> |
| Capital and reserves | | | |
| Called up share capital | 8 | 1 | 1 |
| Equity shareholders' funds | | <u>1</u> | <u>1</u> |

These accounts have been prepared in accordance with the special provisions relating to small companies under s246 Companies Act 1985.

All gains and losses are recognised in the profit and loss account.

These financial statements were approved by the Board of Directors on 10 June 2009.

Signed on behalf of the Board of Directors

X

 I Hudson

Director

Notes to the Accounts

Year ended 31 December 2008

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards. The particular accounting policies adopted are described below and have been applied consistently throughout the period.

Accounting convention

The financial statements are prepared under the historical cost convention.

Group accounts

The company is exempt from the requirement of Financial Reporting Standard 2 to prepare consolidated financial statements for its group as the group is small and is not an ineligible group as defined in Section 248 of the Companies Act 1985. Accordingly these accounts show the position of the company and not the group.

Cash flow statement

The company is exempt from the requirement of Financial Reporting Standard 1 (Revised) to prepare a cash flow statement as it is a small company.

Taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those which are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Current 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.

Investments

Fixed asset investments are shown at cost less provision for impairment

2. Information regarding directors and employees

The company had no employees (including directors) during the current period.

None of the directors received any remuneration during the current period. Amounts payable in respect of the services of directors are included in the accounts of the company's subsidiary.

3. Operating Result

Auditors' remuneration is included in the accounts of the company's subsidiary.

4. Taxation

The company did not make a profit or loss during the period and accordingly there is no tax charge for the period. The deferred tax balance and corporation tax creditor as at 31 December 2008 and 2007 are £nil.

Notes to the accounts

Year ended 31 December 2008 (continued)

5. Investments

| | 2008 £'000 | 2007 £'000 |
|--|---------------|---------------|
| Investment in subsidiary undertaking at cost | 1 | 1 |

The company holds 100% of the ordinary share capital in QED (Leeds) Limited, which is incorporated in Great Britain and registered in England and Wales.

6. Assets

| | 2008 £'000 | 2007 £'000 |
|---|---------------|---------------|
| (a) Subordinated loan: | | |
| Subordinated loan to subsidiary undertaking at cost | 2,710 | 2,757 |
| (b) Current Assets | | |
| Interest due on loan to subsidiary undertaking payable in less than one year | 120 | 125 |
| Subordinated loan to subsidiary undertaking at cost payable in less than one year | 36 | 50 |
| Subordinated loan to subsidiary undertaking at cost | 156 | 175 |

The company holds 100% of the subordinated loan notes in QED (Leeds) Limited. Interest charges on amounts drawn are fixed at 13% per annum. At 31 December 2008 interest of £120k (2007: £125k) was due from QED (Leeds) Limited on this facility.

Notes to the accounts

Year ended 31 December 2008 (continued)

7. Creditors

| | 2008 £'000 | 2007 £'000 |
|---|---------------|---------------|
| (a) Creditor amounts falling due within one year | | |
| Interest on amounts borrowed under the Equity Subscription Agreement facility due in less than one year | 120 | 125 |
| Repayment of amounts borrowed under the Equity Subscription Agreement facility due in less than one year | 36 | 50 |
| | <u>156</u> | <u>175</u> |
| (b) Subordinated debt | | |
| Subordinated loan notes due 2026: Innisfree Nominees Limited (acting as nominees for Innisfree PFI Fund III LP) | 2,168 | 2,206 |
| Subordinated loan notes due 2026: Wates PFI Investments Limited | 542 | 551 |
| | <u>2,710</u> | <u>2,757</u> |

The subordinated loan represents amounts borrowed under the Equity Subscription Agreement facility. The amounts drawn are repayable in 47 semi-annual instalments commencing in February 2006. Interest charges on amounts drawn are fixed at 13% per annum. At 31 December 2008 interest of £96k (2007: £100k) was due to Innisfree PFI Fund III LP and interest of £24k (2007: £25k) was due to Wates PFI Investments Limited. During the year interest of £289k (2007: £299k) was paid to Innisfree Nominees Ltd, and interest of £72k to Wates PFI Investments Ltd (2007: £75k).

8. Called up share capital

| | 2008 £'000 | 2007 £'000 |
|--|---------------|---------------|
| Authorised: | | |
| 1,000 ordinary shares of £1 each | <u>1</u> | <u>1</u> |
| Called up, allotted and fully paid: | | |
| 1,000 ordinary shares of £1 each | <u>1</u> | <u>1</u> |

Notes to the accounts

Year ended 31 December 2008 (continued)

9. Reconciliation of movement in equity shareholders' funds

| | 2008 £'000 | 2007 £'000 |
|---|---------------|---------------|
| Profit for the period | - | - |
| Issue of shares | - | - |
| Net addition to equity shareholders' funds | - | - |
| Opening equity shareholders' funds | 1 | 1 |
| Closing equity shareholders' funds | 1 | 1 |

10. Related-party transactions

Related party transactions, as defined by FRS 8, during the year, are as disclosed in Note 7 above. All related party transactions were with parent companies as set out in Note 11 below.

Related party transactions with QED (Leeds) Limited, the Company's wholly owned subsidiary are as set out in Note 6.

11. Ultimate parent company

The company is owned 80% by Innisfree Nominees Ltd acting as nominee for Innisfree PFI Fund III, a Limited Partnership, and 20% by Wates PFI Investments (QED) Limited, both of which are incorporated in Great Britain and registered in England and Wales. In the directors' opinion, the ultimate parent undertaking and controlling party is Innisfree PFI Fund III.

The accounts of the company are not consolidated in the accounts of any other entity.