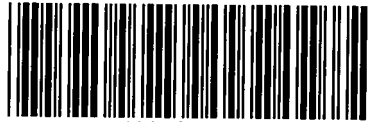


**SCOTTISH BORDERS EDUCATION PARTNERSHIP
(HOLDINGS) LIMITED**

FINANCIAL STATEMENTS

31 DECEMBER 2013

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**SCOTTISH BORDERS EDUCATION PARTNERSHIP (HOLDINGS)
LIMITED**

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

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SCOTTISH BORDERS EDUCATION PARTNERSHIP (HOLDINGS) LIMITED

STRATEGIC REPORT

YEAR ENDED 31 DECEMBER 2013

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company is that of a holding company with a single subsidiary, Scottish Borders Education Partnership Limited.

The principal activity of the group is the provision of operational and maintenance services, including related financing arrangements for three schools in the Scottish Borders (Eyemouth, Earlston and Berwickshire), in accordance with a project agreement the group entered into with Scottish Borders Council.

The schools became fully operational in 2009. The group is currently operating the facilities for a 30 year period, providing a full range of facilities management services under a contractual agreement, that provides a regular income stream which is subject to deductions for service shortfalls and the unavailability of the facilities.

The group operates in a PFI market under strict contractual obligations. The industry is highly competitive and so companies have to differentiate themselves on affordability, innovation (both design and funding solutions) as well as identifying and satisfying the needs of all stakeholders.

The loss for the year reported in the Profit and Loss Account is adversely affected by the indexation charged on the index-linked funding, as RPI was higher than anticipated throughout the year. The anticipated RPI indexation was only 2.5% whereas actual indexation was 2.7%. However, as noted below, the revenue streams are also index-linked and so this does not affect the viability of the project over the concession term.

The loss for the year amounted to £564,000 (2012: £775,000).

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the group's strategy are subject to a number of risks.

The key business risks affecting the group are considered to relate to facility management compliance, treasury management and control and review of the insurance cover and lifecycle profile.

The board formally reviews risks and appropriate processes are put in place to mitigate them.

FINANCIAL RISK MANAGEMENT

The group's operations expose it to a variety of financial risks that include liquidity risk, interest rate risk and credit risk. The group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the group by monitoring levels of debt finance and the related finance costs.

The group's financial instruments comprise fixed and floating rate borrowings, the main purpose of which is to raise finance for the group's operations.

Given the size of the group, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. Bilfinger RE Asset Management Limited (formerly Bilfinger Project Investments Europe Limited), as the provider of financial services to the group under a contractual arrangement, implements the policies set by the board of directors. Bilfinger RE Asset Management Limited has a policy and procedures manual that sets out specific guidelines to manage interest rate risk and circumstances where it would be appropriate to use financial instruments to manage these.

SCOTTISH BORDERS EDUCATION PARTNERSHIP (HOLDINGS) LIMITED

STRATEGIC REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2013

FINANCIAL RISK MANAGEMENT *(continued)*

Liquidity risk

The group minimises the risk of uncertain funding in its operations by having long-term committed facilities available.

Interest rate and cash flow risk

The group is exposed to market related interest rate risk in relation to the index-linked bond through movements in RPI. This is mitigated as the cash flows generated from the schools concession asset increase in line with movements in RPI.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge its obligation under the contract giving rise to the financial instrument. The group's credit risk is concentrated as its cash flows are generated from the PFI schools concession asset. The concentration of risk is mitigated as the cash flows are secured under contract with the Scottish Borders Council, a government body.

KEY PERFORMANCE INDICATORS ("KPIs")

Performance deductions under the service contract

Financial penalties are levied by the Authority in the event of performance standards not being achieved according to detailed criteria set out in the Project Agreement. These deductions are passed on to the service provider. In the year ended 31 December 2013, deductions of £14,000 (2012: credit £27,000) had been levied which represents 0.45% (2012: minus 0.87%) of revenue. The directors believe the performance for the year to be satisfactory.

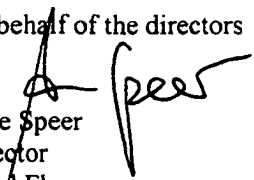
Financial performance

The directors have modelled the anticipated financial outcome of the Project across its full term. The directors monitor actual financial performance against this anticipated performance. As at 31 December 2013, the group's performance against this measure was satisfactory.

GOING CONCERN

The directors have reviewed the group's projected cashflows by reference to a financial model covering accounting periods up to 31 December 2039. The directors have also examined the current status of the group's principal contracts and likely developments in the foreseeable future. Having reviewed the available information, the directors consider that the group will be able to meet its financial obligations on the due dates for the foreseeable future. Accordingly, the directors consider that it is appropriate for the financial statements of the group to be prepared on a going concern basis.

On behalf of the directors


Arne Speer
Director
Third Floor
Braywick Gate
Braywick Road
Maidenhead
Berkshire
SL6 1DA

Approved by the directors on 12/6/2014

SCOTTISH BORDERS EDUCATION PARTNERSHIP (HOLDINGS) LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2013

The directors present their report and the financial statements of the group for the year ended 31 December 2013.

FUTURE DEVELOPMENTS

The project continues to perform generally in line with the modelled expectations and management of the scheme both logistically and financially remains under control. We remain confident that we will maintain our current level of operating performance and keep penalty payments to a minimum.

DIVIDENDS

The directors are unable to recommend a dividend (2012: £nil).

DIRECTORS

The directors who served the company during the year and up to the date of this report are shown below:

A Speer
F Schramm

DONATIONS

Neither the Company nor its subsidiary undertaking made any political donations during the year (2012: £nil).

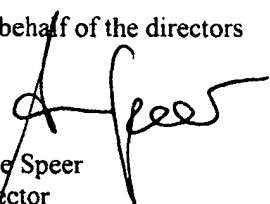
DISCLOSURE OF INFORMATION TO THE AUDITOR

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the group's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITOR

A resolution to appoint KPMG LLP as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 485 of the Companies Act 2006.

On behalf of the directors


Arne Speer
Director
Third Floor
Braywick Gate
Braywick Road
Maidenhead
Berkshire
SL6 1DA

Approved by the directors on

12/6/2014

SCOTTISH BORDERS EDUCATION PARTNERSHIP (HOLDINGS) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

The directors are responsible for preparing the Strategic Report and 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 group and parent company 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 group and parent company and of their profit or loss for that period.

In preparing each of the group and parent company 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures 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 group and parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent 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.

SCOTTISH BORDERS EDUCATION PARTNERSHIP (HOLDINGS) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SCOTTISH BORDERS EDUCATION PARTNERSHIP (HOLDINGS) LIMITED

YEAR ENDED 31 DECEMBER 2013

We have audited the financial statements of Scottish Borders Education Partnership (Holdings) Limited for the year ended 31 December 2013 set out on pages 7 to 20. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 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 AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are 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 and express an opinion on the financial statements in accordance with 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.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2013 and of the group's loss for the year then 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 MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**SCOTTISH BORDERS EDUCATION PARTNERSHIP (HOLDINGS)
LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
SCOTTISH BORDERS EDUCATION PARTNERSHIP (HOLDINGS)
LIMITED (continued)**

YEAR ENDED 31 DECEMBER 2013

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



Amanda Moses
(Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Arlington Business Park
Reading
Berkshire
RG7 4SD

17 Dec 2014

SCOTTISH BORDERS EDUCATION PARTNERSHIP (HOLDINGS) LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2013

	Note	2013 £000	2012 £000
TURNOVER	2	3,093	3,103
Operating costs		<u>(2,250)</u>	<u>(2,388)</u>
OPERATING PROFIT	3	843	715
Interest receivable and similar income	5	3,840	3,858
Interest payable and similar charges	6	(5,258)	(5,514)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(575)</u>	<u>(941)</u>
Tax on loss on ordinary activities	7	11	166
LOSS FOR THE FINANCIAL YEAR	17	<u><u>(564)</u></u>	<u><u>(775)</u></u>

All of the activities of the group are classed as continuing.

The group has no recognised gains or losses other than the loss for the year as set out above.

The company has taken advantage of section 408 of the Companies Act 2006 not to publish its own Profit and Loss Account.

There is no difference between the loss for the year as shown in the profit and loss account and its historical cost equivalent.

The notes on pages 11 to 20 form part of these financial statements.

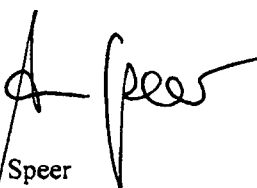
SCOTTISH BORDERS EDUCATION PARTNERSHIP (HOLDINGS) LIMITED

CONSOLIDATED BALANCE SHEET

31 DECEMBER 2013

	Note	2013 £000	2012 £000
CURRENT ASSETS			
DEBTORS: Amounts falling due within one year	10	4,106	3,021
DEBTORS: Amounts falling due after more than one year	10	70,554	71,954
Cash at bank		6,112	7,136
		<u>80,772</u>	<u>82,111</u>
CREDITORS: Amounts falling due within one year	12	<u>(4,122)</u>	<u>(3,710)</u>
NET CURRENT ASSETS		76,650	78,401
CREDITORS: Amounts falling due after more than one year	13	<u>(79,865)</u>	<u>(81,052)</u>
		<u>(3,215)</u>	<u>(2,651)</u>
CAPITAL AND RESERVES			
Called-up equity share capital	16	10	10
Profit and loss account	17	<u>(3,225)</u>	<u>(2,661)</u>
TOTAL SHAREHOLDER'S DEFICIT	18	<u>(3,215)</u>	<u>(2,651)</u>

These financial statements were approved by the directors and authorised for issue on 12/6/2014 and are signed on their behalf by:


Arne Speer
Director

The notes on pages 11 to 20 form part of these financial statements.

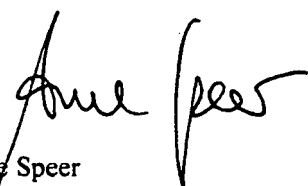
**SCOTTISH BORDERS EDUCATION PARTNERSHIP (HOLDINGS)
LIMITED**

COMPANY BALANCE SHEET

31 DECEMBER 2013

	Note	2013 £000	2012 £000
FIXED ASSETS			
Investments	9	10	10
NET ASSETS		<u>10</u>	<u>10</u>
CAPITAL AND RESERVES			
Called-up equity share capital	16	10	10
TOTAL SHAREHOLDER'S FUNDS		<u>10</u>	<u>10</u>

These financial statements were approved by the directors and authorised for issue on 12/6/2014
and are signed on their behalf by:


Arne Speer
Director

Company Registration Number: 5829400

The notes on pages 11 to 20 form part of these financial statements.

**SCOTTISH BORDERS EDUCATION PARTNERSHIP (HOLDINGS)
LIMITED**

CONSOLIDATED CASH FLOW STATEMENT

YEAR ENDED 31 DECEMBER 2013

	Note	2013 £000	2012 £000
NET CASH INFLOW FROM OPERATING ACTIVITIES	19(a)	2,101	3,735
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		3,840	3,858
Interest paid		(5,233)	(5,488)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(1,393)	(1,630)
NET CASH INFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING		708	2,105
MANAGEMENT OF LIQUID RESOURCES			
Decrease in treasury deposits		–	4,631
NET CASH DECREASE FROM MANAGEMENT OF LIQUID RESOURCES		–	4,631
FINANCING			
Repayment of bank loans		(1,671)	(1,605)
Repayment of subordinated debt		(61)	(31)
NET CASH OUTFLOW FROM FINANCING		(1,732)	(1,636)
(DECREASE)/INCREASE IN CASH	19(c)	(1,024)	5,100

The notes on pages 11 to 20 form part of these financial statements.

SCOTTISH BORDERS EDUCATION PARTNERSHIP (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertaking, Scottish Borders Education Partnership Limited.

Turnover

Turnover represents the value of services rendered, excluding sales related taxes, and is recognised to the extent that the group obtains the right to consideration in exchange for its performance. During the construction phase, which completed on 20 July 2009, revenues in excess of net operating and finance costs were deferred until completion of construction, whereupon they will be released to the profit and loss account over the remaining life of the concession. During the operational phase, turnover is recognised as contract activity progresses at a mark up on costs related to the provision of services. In line with FRS5 Application Note G, the mark up is calculated based upon the forecast service revenues and costs over the concession period.

All turnover originates in the United Kingdom

Contract debtor

Amounts recoverable under long term Private Finance Initiative contracts are transferred to a contract debtor in accordance with the requirements of FRS5 Application Note F - Private Finance Initiative and Similar Contracts. The amounts receivable (which include the costs of construction of assets) are treated as a long-term contract debtor from the commencement of the operating phase, with a constant proportion of the net revenue arising from the project (after allowing for income in respect of the provision of operating and maintenance services), being allocated to remunerate the contract debtor. Imputed interest receivable is allocated to the contract debtor using a property specific rate to generate a constant rate of return over the life of the contract.

SCOTTISH BORDERS EDUCATION PARTNERSHIP (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

1. ACCOUNTING POLICIES *(continued)*

Deferred taxation

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exception:

Deferred tax assets are recognised only to the extent that the directors consider that it is 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 on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Investments

Investments in subsidiary undertakings are stated at cost, less an appropriate provision to reflect any impairment in the value of the investments.

Financial instruments

Discounts, premia and related costs of debt issue are charged to the profit and loss account over the life of the instrument to which they relate.

Interest capitalisation

All net interest payable, receivable and finance costs during the construction period were capitalised into the contract debtor. Now the project is operational all net interest and finance costs will be recognised in the profit and loss account.

Segment reporting

The groups' activities consist solely of the provision of operation and maintenance services in respect of the three schools and are undertaken entirely in the United Kingdom.

2. TURNOVER

The turnover and loss before tax are attributable to the one principal activity of the group.
An analysis of turnover is given below:

	2013	2012
	£000	£000
United Kingdom	<u>3,093</u>	<u>3,103</u>

SCOTTISH BORDERS EDUCATION PARTNERSHIP (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

3. OPERATING PROFIT

The audit fee in respect of the group was £10,000 (2012: £10,000) and for the company £2,000 (2012: £2,000). All of these costs have been borne by the subsidiary undertaking.

4. PARTICULARS OF EMPLOYEES

The group had no employees during the year (2012: nil). The directors have no contract of service with the group. During the year the group incurred charges of £nil (2012: £58,000) from BBGI Management HoldCo S.a.r.l. for making available the services of the directors.

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2013 £000	2012 £000
Bank interest receivable	13	40
Interest on contract debtor	3,827	3,818
	<u>3,840</u>	<u>3,858</u>

Interest is imputed on the contract debtor using the property specific rate of 5.27%.

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2013 £000	2012 £000
Interest and indexation on bond loan	4,412	4,661
Interest payable on subordinated debt	805	812
Other finance costs	41	41
	<u>5,258</u>	<u>5,514</u>

Interest and indexation on bond loan includes interest payable of £2,003,000 (2012: £2,006,000) and an indexation charge of £2,409,000 (2012: £2,656,000).

SCOTTISH BORDERS EDUCATION PARTNERSHIP (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

7. TAXATION ON LOSS ON ORDINARY ACTIVITIES

(a) Analysis of credit in the year

The tax credit in the year is made up as follows:

	2013 £000	2012 £000
Current tax	-	-
Deferred tax:		
Origination and reversal of timing differences		
- in respect of current year	(134)	(230)
- in respect of changes in tax rates and laws	123	64
Total deferred tax (note 11)	<u>(11)</u>	<u>(166)</u>

(b) Factors affecting current tax credit

The current tax assessed on the loss on ordinary activities for the year is higher (2012: higher) than the standard rate of corporation tax in the UK of 23.25% (2012 – 24.50%).

	2013 £000	2012 £000
Loss on ordinary activities before taxation	<u>(575)</u>	<u>(941)</u>
Loss on ordinary activities multiplied by rate of tax	(134)	(230)
Losses not utilised	<u>134</u>	<u>230</u>
Total current tax (note 7(a))	<u>-</u>	<u>-</u>

(c) Factors that may affect future tax charges

The 2013 Budget on 20 March 2013 announced that the UK corporation tax rate will reduce to 20% on 1 April 2015. A reduction in the rate from 24% to 23% (effective from 1 April 2013) was substantively enacted on 3 July 2012, and the further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 17 July 2013.

This will reduce the group's future current tax charge accordingly. The deferred tax asset at 31 December 2013 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

SCOTTISH BORDERS EDUCATION PARTNERSHIP (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

8. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The profit dealt with in the financial statements of the parent company was £nil (2012 - £nil).

9. INVESTMENTS

Company	Group companies £000
COST	
At 1 January 2013 and 31 December 2013	<u>10</u>
NET BOOK VALUE	
At 1 January 2013 and 31 December 2013	<u>10</u>

As at 31 December 2013, the company owned 100% of the issued share capital (£10,000) of Scottish Borders Education Partnership Limited, which is registered in the United Kingdom.

10. DEBTORS

Amounts falling due within one year:

	Group		Company	
	2013	2012	2013	2012
	£000	£000	£000	£000
Trade debtors	1,033	195	–	–
Contract debtor	1,401	1,303	–	–
Deferred taxation (note 11)	806	795	–	–
Prepayments and accrued income	866	728	–	–
	<u>4,106</u>	<u>3,021</u>	<u>–</u>	<u>–</u>

Amounts falling due after more than one year:

	Group		Company	
	2013	2012	2013	2012
	£000	£000	£000	£000
Contract debtor	<u>70,554</u>	<u>71,954</u>	<u>–</u>	<u>–</u>

SCOTTISH BORDERS EDUCATION PARTNERSHIP (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

11. DEFERRED TAXATION

The deferred tax included in the Balance Sheet is as follows:

	2013	2012
	£000	£000
Included in debtors (note 10)	806	795

The movement in the deferred taxation account during the year was:

	Group		Company	
	2013	2012	2013	2012
	£000	£000	£000	£000
Balance brought forward	795	629	-	-
Profit and loss account movement arising during the year (note 7(a))	11	166	-	-
Balance carried forward	806	795	-	-

The group's asset for deferred taxation consists of the tax effect of timing differences in respect of:

Group

	2013	2012
	£000	£000
Trading losses carried forward	806	795

The total recognised deferred tax asset for the group relating to trading losses is £806,000 (2012: £795,000). There is no unrecognised deferred tax asset or liability for the group (2012: £nil).

12. CREDITORS: Amounts falling due within one year

	Group		Company	
	2013	2012	2013	2012
	£000	£000	£000	£000
Bond loan (including accrued interest)	3,085	2,147	-	-
Subordinated debt (including accrued interest)	202	610	-	-
Trade creditors	227	224	-	-
VAT liability	298	283	-	-
Retentions	30	30	-	-
Other creditors	29	29	-	-
Accruals and deferred income	251	387	-	-
	4,122	3,710	-	-

Included within Bond loan are unamortised issue costs amounting to £24,000 (2012: £25,000).

SCOTTISH BORDERS EDUCATION PARTNERSHIP (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

13. CREDITORS: Amounts falling due after more than one year

	Group		Company	
	2013	2012	2013	2012
	£000	£000	£000	£000
Bond Loan	73,186	74,312	-	-
Subordinated debt	6,679	6,740	-	-
	<u>79,865</u>	<u>81,052</u>	<u>-</u>	<u>-</u>

Included within Bond loan are unamortised issue costs amounting to £311,000 (2012: £335,000).

Bond loan relates to senior secured funding totalling £68,330,000 of which £15,000,000 is held by Prudential Annuities Limited and £53,330,000 is held by Prudential Retirement Income Limited with a 2.604% index linked coupon. Loan issue costs have been offset against bond loans and are amortised over the term of the loan in accordance with the provisions of FRS4.

The senior bond facility of £68,330,000 is repayable in sixty one six-monthly instalments up until 31 May 2038. The senior bond facility is secured by a fixed charge over all leasehold interests, book debts, project accounts and intellectual property of the group and by a floating charge over the group's undertakings and assets.

Subordinated debt represents a £6,679,000 (2012: £6,740,000) unsecured subordinated loan facility due to the shareholder of the company, BBGI Investments S.C.A.. The subordinated loan facility bears interest at a fixed rate of 12% and is fully repayable by 2038. The subordinated loan facility has been included in the maturity of debt analysis (note 14).

14. LOANS AND BORROWINGS

Maturity of debt

	Group		Company	
	2013	2012	2013	2012
	£000	£000	£000	£000
Amounts repayable:				
In one year or less or on demand	3,311	2,782	-	-
In more than one year but not more than two years	2,588	2,516	-	-
In more than two years but not more than five years	8,052	7,197	-	-
In more than five years	69,536	71,674	-	-
	<u>83,487</u>	<u>84,169</u>	<u>-</u>	<u>-</u>
Less unamortised issue costs	(335)	(360)	-	-
	<u>83,152</u>	<u>83,809</u>	<u>-</u>	<u>-</u>
Less amounts falling due within one year (note 12)	(3,287)	(2,757)	-	-
	<u>79,865</u>	<u>81,052</u>	<u>-</u>	<u>-</u>

SCOTTISH BORDERS EDUCATION PARTNERSHIP (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

15. RELATED PARTY TRANSACTIONS

The group incurred interest of £805,000 (2012: £812,000) on the subordinated loan facility payable to BBGI Investments S.C.A. (a 100% shareholder of the company). At the year end there was £6,881,000 (2012: £7,350,000) payable to BBGI Investments S.C.A. in respect of the subordinated loan facility.

The group incurred directors' fees of £nil (2012: £58,000) during the year payable to BBGI Management HoldCo S.a.r.l. (the immediate parent undertaking of BBGI Investments S.C.A., a 100% shareholder of the company).

16. SHARE CAPITAL

Authorised share capital:

	2013 £000	2012 £000
10,000 Ordinary shares of £1 each	<u>10</u>	<u>10</u>

Allotted, called up and fully paid:

	2013 No £000	2012 No £000
Ordinary shares of £1 each	<u>10,000</u> <u>10</u>	<u>10,000</u> <u>10</u>

17. RESERVES

Group

	Profit and loss account £000
Balance brought forward	(2,661)
Loss for the financial year	(564)
Balance carried forward	<u>(3,225)</u>

Company

	Profit and loss account £000
Balance brought forward	—
Result for the financial year	—
Balance carried forward	<u>—</u>

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S DEFICIT

	Group 2013 £000	2012 £000	Company 2013 £000	2012 £000
Loss for the financial year	(564)	(775)	—	—
Opening shareholder's deficit	(2,651)	(1,876)	10	10
Closing shareholder's deficit	<u>(3,215)</u>	<u>(2,651)</u>	<u>10</u>	<u>10</u>

SCOTTISH BORDERS EDUCATION PARTNERSHIP (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

19. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2013 £000	2012 £000
Operating profit	843	715
Decrease in debtors	326	2,055
Increase in creditors	932	965
Net cash outflow from operating activities	<u>2,101</u>	<u>3,735</u>

(b) RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2013 £000	2012 £000
(Decrease)/increase in cash in the period	(1,024)	5,100
Repayment of bank loans	1,671	1,605
Repayment of subordinated debt	61	31
Decrease in short term investments	—	(4,631)
Change in net debt resulting from cash flows	708	2,105
Other non-cash changes	(1,485)	(1,828)
Movement in net debt in the period	<u>(777)</u>	<u>277</u>
Net debt at 1 January	<u>(75,562)</u>	<u>(75,839)</u>
Net debt at 31 December	<u>(76,339)</u>	<u>(75,562)</u>

(c) ANALYSIS OF CHANGES IN NET DEBT

	At 1 Jan 2013 £000	Cash flows £000	Other non-cash changes £000	At 31 Dec 2013 £000
Net cash:				
Cash in hand and at bank	7,136	(1,024)	—	6,112
Liquid resources:				
Debt:				
Debt due within 1 year	(1,646)	1,671	(2,611)	(2,586)
Debt due after more than 1 year	(81,052)	61	1,126	(79,865)
	<u>(82,698)</u>	<u>1,732</u>	<u>(1,485)</u>	<u>(82,451)</u>
Net debt	<u>(75,562)</u>	<u>708</u>	<u>(1,485)</u>	<u>(76,339)</u>

SCOTTISH BORDERS EDUCATION PARTNERSHIP (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

20. ULTIMATE PARENT UNDERTAKING

At 31 December 2013, 100% of the share capital of the company was held by BBGI Investments S.C.A..

BBGI Investments S.C.A. is wholly owned by BBGI SICAV S.A. (formerly Bilfinger Berger Global Infrastructure SICAV S.A.), a Luxembourg investment company listed on the London Stock Exchange.

BBGI SICAV S.A. is the ultimate parent undertaking and controlling party during the year ended 31 December 2013.

No other group financial statements include the results of the Company.