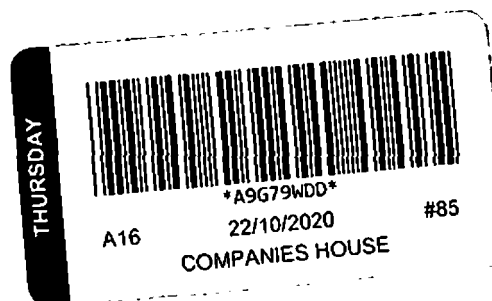


REGISTERED NUMBER: 05832013 (England and Wales)

**Directors Report and
Financial Statements
for the Year Ended 31 December 2019
for
IPP Development Investments Limited**



**Contents of the Financial Statements
for the year ended 31 December 2019**

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IPP Development Investments Limited

**Company Information
for the year ended 31 December 2019**

DIRECTORS:

M J Gregory
G J Frost
M A Anwer

SECRETARY:

A E Woods

REGISTERED OFFICE:

3 More London Riverside
London
SE1 2AQ

REGISTERED NUMBER:

05832013 (England and Wales)

AUDITOR:

KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

IPP Development Investments Limited (Registered number: 05832013)

**Director's Report
for the year ended 31 December 2019**

The Directors present their report with the financial statements of the company for the year ended 31 December 2019.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of a holding company. The company owns the entire share capital of Maesteg School Limited, Maesteg School (IPP) Limited and Maesteg School (Bridgend) Limited. These companies are the General Partner and Limited Partners respectively in the Maesteg School Partnership which is involved in the design, construction and maintenance services including related financing arrangements for a school under a 25 year PFI concession arrangement with Bridgend County Borough Council.

REVIEW OF BUSINESS

The profit for the financial year of £Nil (2018: £206,784) has been paid out as dividends.

Both the level of business and the year-end financial positions were in line with budgets and expectations.

The Director's Report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

FUTURE DEVELOPMENTS

The company will continue to act as holding company to Maesteg School Limited, Maesteg School (IPP) Limited and Maesteg School (Bridgend) Limited.

DIVIDENDS

The Directors did not recommend the payment of a dividend (2018: £206,784).

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risk affecting the company is the performance of Maesteg School Partnership on the basis that the company derives its revenue from this entity. The immediate risk to the company of the limited partnership underperforming is a decline in revenues, and, longer term, the risk that the company cannot meet its liabilities as they fall due.

GOING CONCERN

The company exists to hold investments in its subsidiaries which themselves hold investments in subsidiaries that provide services under certain private finance agreements. The Company's ability to meet its debts as they fall due is dependent on the performance of Company's indirect interest in Maesteg School Partnership (the project). The Directors have reviewed the cash flow forecasts of the project covering a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the project will have sufficient funds to meet its liabilities as they fall due for that period. Those forecasts are dependent on the underlying customer continuing to meet its obligations under the Project Agreement which are underwritten by Bridgend County Borough Council.

In making this assessment the Directors have considered the potential impact of the emergence and spread of COVID-19.

The project's operating cash inflows are largely dependent on unitary charge receipts receivable from the local authority and the Directors expect these amounts to be received even in reasonably possible downside scenarios.

The project continues to provide the asset in accordance with the contract and is available to be used. As a result, the Directors do not believe there is any likelihood of a material impact to the unitary payment.

The Directors have assessed the viability of the project's main sub-contractors and reviewed the contingency plans of the sub-contractors and are satisfied in their ability to provide the services in line with the contract without significant additional costs to the project, even in downside scenarios, due to the underlying contractual terms. To date, there has been no adverse impact on the services provided by the project or its sub-contractors arising from COVID-19. However, in the unlikely event of a subcontractor failure, the project has its own business continuity plans to ensure that service provision will continue.

The Directors believe the project has sufficient funding in place and expect the project to be in compliance with its debt covenants even in downside scenarios.

Consequently, the Directors are confident that the project will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements.

Given the above, at the time of approving the financial statements, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements of the Company.

**Director's Report
for the year ended 31 December 2019**

DIRECTORS

The Directors shown below have held office during the whole of the period from 1 January 2019 to the date of this report.

G J Frost
M J Gregory
M A Anwer

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

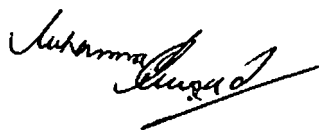
DISCLOSURE OF INFORMATION TO THE AUDITOR

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 company's auditor is unaware. Having made enquiries of fellow Directors and the company's auditor, each Director has taken all the steps that he is obliged to take as a Director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITOR

Pursuant to section 487 of the companies act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

ON BEHALF OF THE BOARD:



.....
M A Anwer - Director

26/06/2020
Date:

**Independent Auditor's Report to the Members of
IPP Development Investments Limited**

Opinion

We have audited the financial statements of IPP Development Investments Limited ("the company") for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Change in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its result for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Directors' conclusions, we considered the inherent risks to the company's business model, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Directors' Report

The Directors are responsible for the Directors' Report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the Directors' Report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Directors' Report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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 Director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

**Independent Auditor's Report to the Members of
IPP Development Investments Limited**

Director's responsibilities

As explained more fully in their statement set out on page 3, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



James Tracey (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Date: 26 June 2020

**Statement of Comprehensive Income
for the year ended 31 December 2019**

	Notes	2019 £	2018 £
TURNOVER		<u>-</u>	<u>-</u>
OPERATING PROFIT	3	-	-
Income from shares in group undertakings			206,784
Interest receivable and similar income	4	<u>184,889</u>	<u>159,126</u>
Interest payable and similar expenses	5	<u>(184,889)</u>	<u>(159,126)</u>
PROFIT BEFORE TAXATION		-	206,784
Tax on profit	6	<u>-</u>	<u>-</u>
PROFIT FOR THE FINANCIAL YEAR		-	206,784
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>-</u></u>	<u><u>206,784</u></u>

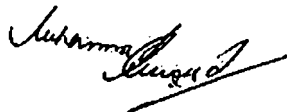
IPP Development Investments Limited (Registered number: 05832013)

**Balance Sheet
31 December 2019**

	Notes	2019 £	2018 £
FIXED ASSETS			
Investments	8	3	3
CURRENT ASSETS			
Debtors: amounts falling due within one year	9	91,902	94,586
Debtors: amounts falling due after more than one year	9	<u>1,188,935</u>	<u>1,222,184</u>
		1,280,837	1,316,770
CREDITORS			
Amounts falling due within one year	10	<u>(91,904)</u>	<u>(94,588)</u>
NET CURRENT ASSETS		<u>1,188,933</u>	<u>1,222,182</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,188,936	1,222,185
CREDITORS			
Amounts falling due after more than one year	11	<u>(1,188,935)</u>	<u>(1,222,184)</u>
NET ASSETS		<u>1</u>	<u>1</u>
CAPITAL AND RESERVES			
Retained earnings		-	-
Called up share capital	12	<u>1</u>	<u>1</u>
SHAREHOLDERS' FUNDS		<u>1</u>	<u>1</u>

20/06/2020

The financial statements were approved by the Board of Directors on and were signed on its behalf by:



.....
M A Anwer - Director

The notes form part of these financial statements

**Statement of Changes in Equity
for the year ended 31 December 2019**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2018	1	-	1
Changes in equity			
Dividends (note 7)	-	(206,784)	(206,784)
Total comprehensive income	<u>-</u>	<u>206,784</u>	<u>206,784</u>
Balance at 31 December 2018	<u>1</u>	<u>-</u>	<u>1</u>
Changes in equity			
Dividends (note 7)	-	-	-
Total comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>
Balance at 31 December 2019	<u>1</u>	<u>-</u>	<u>1</u>

**Notes to the Financial Statements
for the year ended 31 December 2019**

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared under the historical cost convention and in accordance with UK Accounting Standards, and are presented in pounds sterling which is the functional currency of the company.

Statement of compliance

IPP Development Investments Limited is a limited company incorporated in England. The Registered Office is 3 More London Riverside, London, SE1 2AQ. The financial statements have been prepared in compliance with FRS 102 and the Companies Act 2006 for the year ended 31 December 2019.

Basis of preparation

The Company's parent undertaking, International Public Partnerships Limited Partnership includes the Company in its consolidated financial statements. The consolidated financial statements of International Public Partnerships Limited Partnership are prepared in accordance with IFRS and are available to the public and may be obtained from 3 More London Riverside, London, SE1 2AQ. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of International Public Partnerships Limited Partnership include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Deferred tax

Deferred taxation is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements except that:

- unrelieved tax losses and other deferred tax assets are recognised only to the extent that the Directors consider that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

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

Preparation of consolidated financial statements

The financial statements contain information about IPP Development Investments Limited, as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in consolidated financial statements of its International Public Partnerships Limited Partnership.

Going concern

The company exists to hold investments in its subsidiaries which themselves hold investments in subsidiaries that provide services under certain private finance agreements. The Company's ability to meet its debts as they fall due is dependent on the performance of Company's indirect interest in Maesteg School Partnership (the project). The Directors have reviewed the cash flow forecasts of the project covering a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the project will have sufficient funds to meet its liabilities as they fall due for that period. Those forecasts are dependent on the underlying customer continuing to meet its obligations under the Project Agreement which are underwritten by Bridgend County Borough Council.

In making this assessment the Directors have considered the potential impact of the emergence and spread of COVID-19.

The project's operating cash inflows are largely dependent on unitary charge receipts receivable from the local authority and the Directors expect these amounts to be received even in reasonably possible downside scenarios.

Notes to the Financial Statements - continued
for the year ended 31 December 2019

Going concern – continued

The project continues to provide the asset in accordance with the contract and is available to be used. As a result, the Directors do not believe there is any likelihood of a material impact to the unitary payment.

The Directors have assessed the viability of the project's main sub-contractors and reviewed the contingency plans of the sub-contractors and are satisfied in their ability to provide the services in line with the contract without significant additional costs to the project, even in downside scenarios, due to the underlying contractual terms. To date, there has been no adverse impact on the services provided by the project or its sub-contractors arising from COVID-19. However, in the unlikely event of a subcontractor failure, the project has its own business continuity plans to ensure that service provision will continue.

The Directors believe the project has sufficient funding in place and expect the project to be in compliance with its debt covenants even in downside scenarios.

Consequently, the Directors are confident that the project will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements.

Given the above, at the time of approving the financial statements, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements of the Company.

Investments

Investments are stated at cost less provision for any impairment in value.

Related party disclosures

The company has taken advantage of the exemption in Section 33.1 A Related Party Disclosures not to disclose related party transactions between two or more members of a group provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Short term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the statement of comprehensive income in the administrative expenses.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amount reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

There are no significant accounting estimates or judgements required in the preparation of these financial statements.

2. EMPLOYEES AND DIRECTORS

The company has no employees and hence there were no staff costs for the year ended 31 December 2019 (2018: £nil.)

3. OPERATING PROFIT

The Directors received no salary, fees or other benefits in the performance of their duties in respect of their services to the company (2018: £nil). The audit fee of £340 (2018: £1,000) for the company is borne by Maesteg School Partnership.

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2019 £	2018 £
Receivable from group undertakings	<u>184,889</u>	<u>159,126</u>

The interest receivable relates to a loan made to Maesteg School (IPP) Limited, which has a coupon of 12% per annum.

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019 £	2018 £
Payable to group Undertakings	<u>184,889</u>	<u>159,126</u>

Interest payable is charged on the loan from IPP Investments Limited Partnership, which has a coupon of 12% per annum.

Notes to the Financial Statements - continued
for the year ended 31 December 2019

6. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose for the year ended 31 December 2019 nor for the year ended 31 December 2018.

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is the same as (2018: lower than) the standard rate of corporation tax in the UK. The difference is explained below:

	2019 £	2018 £
Profit before tax	<u>-</u>	<u>206,784</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	-	39,289
Effects of: Non-taxable income	<u>-</u>	<u>(39,289)</u>
Total tax charge	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. In the 11 March 2020 Budget it was announced that the UK tax rate will remain at the current 19% and not reduce to 17% from 1 April 2020. This will have a consequential effect on the company's future tax charge. There is no recognised or unrecognized deferred tax asset.

7. DIVIDENDS

	2019 £	2018 £
Ordinary share of £1	<u>-</u>	<u>206,784</u>

8. FIXED ASSET INVESTMENTS

	Subsidiary undertaking £
COST	
At 1 January 2019 and 31 December 2019	<u>3</u>
NET BOOK VALUE	
At 31 December 2019	<u>3</u>
At 31 December 2018	<u>3</u>

	Ordinary Shares £1	Nature of Business	Ownership
Maesteg School Limited	1	see below	100%
Maesteg School (IPP) Limited	1	see below	100%
Maesteg School (Bridgend) Limited	1	see below	100%

The above companies are wholly owned by IPP Development Investments Limited and are general or limited partners to Maesteg School Partnership. The limited partnership is involved in the provision of design, construction and maintenance services including related financing arrangements for a 25 year PFI school concession. The company is incorporated in the United Kingdom, registered at 3 More London Riverside, London, SE1 2AQ.

Notes to the Financial Statements - continued
for the year ended 31 December 2019

9. DEBTORS

	2019 £	2018 £
Amounts falling due within one year:		
Amounts owed by group undertakings	91,901	94,585
Called up share capital not paid	<u>1</u>	<u>1</u>
	<u>91,902</u>	<u>94,586</u>
Amounts falling due after more than one year:		
Amounts owed by group undertakings	<u>1,188,935</u>	<u>1,222,184</u>
Aggregate amounts	<u>1,280,837</u>	<u>1,316,770</u>

The amounts owed by group undertakings represent an unsecured loan due from Maesteg School (IPP) Limited which bears a fixed coupon of 12% per annum.

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Amounts owed to group undertakings	91,901	94,585
Amounts owed to subsidiaries	<u>3</u>	<u>3</u>
	<u>91,904</u>	<u>94,588</u>

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019 £	2018 £
Amounts owed to group undertakings	<u>1,188,935</u>	<u>1,222,184</u>

The amounts owed to group undertakings represent an unsecured loan due to IPP Bond Limited, at a fixed coupon of 12% per annum and is repayable in instalments on or before 30 June 2032.

12. CALLED UP SHARE CAPITAL

Number:	Class:	Nominal value:	2019 £	2018 £
1	Ordinary	£1	<u>1</u>	<u>1</u>

13. ULTIMATE CONTROLLING PARTY

The Directors regard IPP Investments Limited Partnership, a company incorporated in England and Wales as the immediate parent undertaking and controlling party and International Public Partnerships Limited a company registered in Guernsey as the ultimate parent undertaking and controlling party. Copies of the consolidated financial statements of International Public Partnerships Limited Partnership (the smallest and largest group of which the company is a member and for which group financial statements are prepared) can be obtained from the registered address at 3 More London Riverside, London, SE1 2AQ.