Registration number: 5870082

Falkirk Group Limited

Annual Report and Financial Statements

for the Year Ended 31 March 2016

Falkirk Group Limited

Contents

Falkirk Group Limited

Company Information

Directors	K McLellan L Atkins A C Ritchie
Company secretary	Semperian Secretariat Services Limited
Registered office	Third Floor Broad Quay House Prince Street Bristol BS1 4DJ
Independent Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 2 Glass Wharf Bristol BS2 0FR

Falkirk Group Limited

Strategic Report for the Year Ended 31 March 2016

The Directors present their Strategic Report for the year ended 31 March 2016.

Principal activity
The principal activity of the company is that of a holding company for Falkirk Schools Partnership Limited and its subsidiaries Class 98 Limited, a company whose activities include the provision of five secondary schools for pupils in the Falkirk area, and Class 06 Limited, whose principal activity is as a financing company. The schools are Bo'ness Academy, Graeme High School, Braes High School, Larbert High School, and Carrongrange School. The project met the target date for education services to commence on 21 August 2000.

Results and review of business
The profit for the year is set out in the profit and loss account on page 7. The Directors consider the performance of the company during the year, the financial position at the end of the year and its prospects for the future to be satisfactory.

Principal risks and uncertainties and key performance indicators ('KPIs')
As described above, Falkirk Group Limited acts as a holding company for its subsidiary Falkirk Schools Partnership Limited, which in turn has two subsidiaries (Class 98 Limited and Class 06 Limited). As such the principal risks and key performance indicators adopted by Falkirk Schools Partnership Limited, Class 98 Limited, and Class 06 Limited are applicable to the management of the company's investment in its subsidiaries and are detailed in the Directors' Report of Falkirk Schools Partnership Limited, Class 98 Limited, and Class 06 Limited for the year ended 31 March 2016.

In addition, the holding company also takes the risk of impairment of its investment in the subsidiary. This risk is directly related to the performance of the subsidiary.

Transition to FRS 102
This is the first year that the company has presented its results under FRS 102. The last financial statements under UK GAAP were for the year ended 31 March 2015. The date of transition to FRS 102 was 1 April 2014.

The adoption of FRS 102 had no material impact on the financial statements.

Approved by the Board on 17 June 2016 and signed on its behalf by:

....
Semperian Secretariat Services Limited
Company secretary

17 JUN 2016

Falkirk Group Limited

Directors' Report for the Year Ended 31 March 2016

Registration number: 5870082

The Directors present their report and the audited financial statements for the year ended 31 March 2016.

Future developments
No significant changes are expected to the company's activities, as set out in the Strategic Report, in the foreseeable future.

Dividends
A dividend of £2,850,407 (£27,945.17 per ordinary share) was paid during the year (2015: £1,486,267, £14,571.25 per ordinary share).

Financial risk management
As described in the Strategic Report, Falkirk Group Limited acts as a holding company for its subsidiary Falkirk Schools Partnership Limited, which in turn has two subsidiaries (Class 98 Limited and Class 06 Limited). As such the financial risk management adopted by Falkirk Schools Parternship Limited, Class 98 Limited, and Class 06 Limited is applicable to the management of the company's investment in its subsidiary and is detailed in the Directors' Report of the financial statements for Falkirk Schools Partnership Limited, Class 98 Limited, and Class 06 Limited for the year ended 31 March 2016.

Directors of the Company
The directors who held office during the year were as follows:

K McLellan

L Atkins

A C Ritchie

Falkirk Group Limited

Directors' Report for the Year Ended 31 March 2016 (continued)

Directors' responsibilities statement
The Directors are responsible for preparing the Strategic Report, 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 the Directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' (FRS 102).

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 accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping 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 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.

Disclosure of information to the auditors
Each Director has taken steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Reappointment of auditors
The auditors, PricewaterhouseCoopers LLP, Chartered Accountants and Statutory Auditors, have signified their willingness to continue in office.

Approved by the Board on 17 June 2016 and signed on its behalf by:

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Semperian Secretariat Services Limited
Company secretary

17 JUN 2016

Falkirk Group Limited

Independent Auditors' Report to the members of Falkirk Group Limited

Report on the financial statements

Our opinion

In our opinion, Falkirk Group Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its profit 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.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Balance Sheet as at 31 March 2016;
- the Profit and Loss Account for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Paul Nott

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Paul Nott (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol

Date: 29 June 2016

Falkirk Group Limited

Profit and Loss Account for the Year Ended 31 March 2016

	Note	2016 £	2015 £
Turnover		-	-
Operating profit/(loss)	4	-	-
Income from shares in group undertakings	5	3,730,139	2,363,596
Interest payable and similar charges	6	(879,732)	(877,329)
Profit on ordinary activities before taxation		2,850,407	1,486,267
Taxation	7	-	-
Profit for the financial year		2,850,407	1,486,267

The above results were derived from continuing operations.

The company has no other Comprehensive Income for the year other than the profit for the financial year stated above.

The notes on pages 10 to 16 form an integral part of these financial statements.

Falkirk Group Limited

Balance Sheet as at 31 March 2016

	Note	2016 £	2015 £
Fixed assets			
Investments	8	14,416,073	14,416,073
Current assets			
Debtors: Amounts falling due within one year	9	2	2
Total assets less current liabilities		14,416,075	14,416,075
Creditors: Amounts falling due after more than one year	10	(7,311,073)	(7,311,073)
Net assets		7,105,002	7,105,002
Capital and reserves			
Called up share capital	12	102	102
Share premium reserve		7,104,900	7,104,900
Total equity		7,105,002	7,105,002

Approved and authorised by the Board on 17 June 2016 and signed on its behalf by:

.....JAtkins.....

L Atkins

Director

The notes on pages 10 to 16 form an integral part of these financial statements.

Falkirk Group Limited

Statement of Changes in Equity for the Year Ended 31 March 2016

	Note	Share capital £	Share premium £	Retained earnings £	Total £
At 1 April 2014		102	7,104,900	-	7,105,002
Profit for the year		-	-	1,486,267	1,486,267
Total comprehensive income		-	-	1,486,267	1,486,267
Dividends	13	-	-	(1,486,267)	(1,486,267)
At 31 March 2015		102	7,104,900	-	7,105,002

	Note	Share capital £	Share premium £	Retained earnings £	Total £
At 1 April 2015		102	7,104,900	-	7,105,002
Profit for the year		-	-	2,850,407	2,850,407
Total comprehensive income		-	-	2,850,407	2,850,407
Dividends	13	-	-	(2,850,407)	(2,850,407)
At 31 March 2016		102	7,104,900	-	7,105,002

The notes on pages 10 to 16 form an integral part of these financial statements.

1 General information

The principal activity of the company is that of a holding company for Falkirk Schools Partnership Limited and its subsidiaries Class 98 Limited, a company whose activities include the provision of five secondary schools for pupils in the Falkirk area, and Class 06 Limited, whose principal activity is as a financing company. The schools are Bo'ness Academy, Graeme High School, Braes High School, Larbert High School, and Carrongrange School. The project met the target date for education services to commence on 21 August 2000.

The company is a private company limited by shares and is incorporated and domiciled in England.

The address of its registered office is:
Third Floor
Broad Quay House
Prince Street
Bristol
BS1 4DJ

The company's functional and presentation currency is the pound sterling.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates
The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance
These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

Basis of preparation
These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below.

The financial statements contain information about Falkirk Group Limited as an individual company and do not contain consolidated financial information. The company is exempt from the requirement to prepare consolidated financial statements, under section 401 of the Companies Act 2006, as its results are included in the consolidated financial statements of Semperian PPP Investment Partners Holdings Limited.

2 Accounting policies (continued)

Investment income
Investment income includes dividends and interest receivable. Dividends are included, as 'Income from shares in group undertakings', when declared by the paying company. Interest receivable is included, as 'Interest receivable and similar income', on an accruals basis. This heading also includes the amortisation of any premium or discount on the purchase of the loan which has been spread over the life of the loan to determine a effective interest rate.

Fixed asset investments
Fixed asset investments are stated at historical cost less provision for any diminution in value.

Financial Instruments

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other receivables, finance debtors, cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

2 Accounting policies (continued)

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions. These exemptions are:

(i) the requirement to prepare a statement of cash flows;

(ii) certain financial instrument disclosures providing equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated;

(iii) the requirement to disclose related party transactions, with the members of the same group, that are wholly owned;

(iv) the requirement to provide consolidated financial statements.

3 Critical accounting judgements and estimation uncertainty

The preparation of financial statements in conformity with FRS 102 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based upon historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily available from other sources. Actual results may subsequently differ from these estimates.

The judgements, estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates made are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Certain critical accounting judgements, adopted by management, in applying the company's accounting policies are described below:

3 Critical accounting judgements and estimation uncertainty (continued)

Impairment of investments
Management makes an estimate of the likely recoverable value of investments by considering factors including the historic, and future forecasts of, performance of the respective investment. See note 8 for the carrying value of the investments.

4 Operating profit

The company had no employees, other than the directors, during the year (2015: none). The emoluments of the directors are paid by the controlling parties. The directors' services to this company and to a number of fellow group companies are primarily of a non executive nature and their emoluments are deemed to be wholly attributable to the controlling parties. The controlling parties charged £nil (2015: £nil) to the company in respect of these services.

The audit fee in respect of the company was £1,137 for the year (2015: £1,000) and has been paid on the company's behalf by a fellow group company, Class 98 Limited, for which no recharge has been made.

5 Income from shares in group undertakings

	2016 £	2015 £
Income from shares in group undertakings	3,730,139	2,363,596

6 Interest payable and similar charges

	2016 £	2015 £
Interest payable on loans from group undertakings	879,732	877,329

7 Taxation

(a) Tax expense included in profit or loss

	2016 £	2015 £
Tax on profit/(loss) on ordinary activities	-	-

7 Taxation (continued)

(b) Reconciliation of tax charge

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2015: lower than the standard rate of corporation tax in the UK) of 20% (2015: 21%).

The differences are reconciled below:

	2016 £	2015 £
Profit before tax	2,850,407	1,486,267
Corporation tax at standard rate	570,081	312,116
Income not subject to tax	(746,028)	(496,355)
Group relief	175,947	184,239
Total tax charge/(credit)	-	-

(c) Tax rate changes

A change to the UK corporation tax rate was announced in the Chancellor's Budget on 16 March 2016. The change announced is to reduce the main rate to 17% from 1 April 2020. Changes to reduce the corporation tax rate to 19% from 1 April 2017 and to 18% from 1 April 2020 had already been substantively enacted on 26 October 2015.

As the change to 17% had not been substantively enacted at the balance sheet date its effects are not included in these financial statements.

8 Investments

	2016 £	2015 £
Investments in subsidiaries and related undertakings	14,416,073	14,416,073

A full list of subsidiaries and related undertakings is shown in note 16.

9 Debtors: Amounts falling due within one year

	2016 £	2015 £
Other debtors	2	2

10 Creditors

	Note	2016 £	2015 £
Due after one year			
Subordinated debt	11	7,311,073	7,311,073

11 Loans and borrowings

	2016 £	2015 £
Loans and borrowings falling due after more than five years		
Subordinated debt	7,311,073	7,311,073

The loan is from Class 06 Limited. The loan is not secured, has no fixed repayment terms, but is regarded as long term in nature, and is at an interest rate of 12% per annum.

12 Share capital

Allotted, called up and partly paid shares

	2016		2015	
	No.	£	No.	£
Ordinary shares of £1 each	102	102	102	102

13 Dividends

	2016 £	2015 £
Dividends paid of £27,945.17 (2015: £14,571.25) per ordinary share	2,850,407	1,486,267

14 Related party transactions

As a wholly owned subsidiary of Semperian PPP Investment Partners Holdings Limited, the company has taken advantage of the exemption under FRS 102 - paragraph 33.1A of the requirement to disclose transactions between it and other group companies.

15 Parent and ultimate parent undertaking

The company's immediate parent is Semperian PPP Investment Partners No.2 Limited, incorporated in England and Wales.

The ultimate parent and controlling party is Semperian PPP Investment Partners Holdings Limited, incorporated in Jersey. The smallest group and largest group to consolidate these financial statements is Semperian PPP Investment Partners Holdings Limited.

These financial statements are available upon request from the Company Secretary at Third Floor, Broad Quay House, Prince Street, Bristol, BS1 4DJ.

16 Subsidiary and related undertakings

The company holds investments in the following undertakings incorporated in the UK:

Subsidiary and related undertakings	Activities	Percentage of ordinary shares held
Falkirk Schools Partnership Limited	Holding company	100%

Falkirk Schools Partnership Limited is a company incorporated in Scotland. The acquisition was funded by the issue of 100 shares of £1 each for a deemed consideration of £7,105,000, giving rise to a premium of £7,104,900, and £7,311,073 of cash provided by way of a loan from Class 06 Limited.

Falkirk Group also has an indirect investment in Class 98 Limited and Class 06 Limited.

17 Transition to FRS 102

This is the first year that the company has presented its results under FRS 102. The last financial statements under the UK GAAP were for the year ended 31 March 2015. The date of transition to FRS 102 was 1 April 2014. There were no adjustments to the company balance sheet at 1 April 2014 or 31 March 2015 on transition to FRS 102. Accordingly, no reconciliation is presented.

There were no adjustments to the company profit and loss account for the year ended 31 March 2015 on transition to FRS 102. Accordingly, no reconciliation of the profit and loss account is presented.