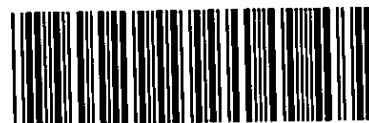

CSES (Dorset) Limited
Company Registration No. 06287034

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

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Annual report and financial statements
For the year ended 31 December 2010

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Company Information

| | | |
|------------------|------------------------------------|----------------------|
| Directors | E Battey | |
| | F Saheb-Zadha | Appointed 29/09/2010 |
| | BEIF II Corporate Services Limited | Appointed 29/09/2010 |
| | M Stevens | |
| | D Lomas | Resigned 29/09/2010 |
| | R McClatchey | Resigned 29/09/2010 |

Secretary I M Nettleship

Head office Chancery Exchange
10 Fumival Street
London
EC4A 1AB

Registered office Kent House,
14-17, Market Place
London
W1W 8AJ

Independent auditors Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

Directors' report
For the year ended 31 December 2010

The directors present their annual report and the audited financial statements for the year ended 31 December 2010

Principal activity

The principal activity of the Company is to enable PFF (Dorset) Limited to design, build, finance and operate emergency services police and fire stations in Dorset

Directors

The directors who served during the year and to the date of signing these financial statements are shown on page 1

Dividends

An interim dividend of £100,000 (2009 £nil) was paid during the year. The directors do not recommend the payment of a final dividend (2009 £nil)

Directors' responsibilities statement

The directors are responsible for preparing the annual 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 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 Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to

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

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

Directors' report (continued)
For the year ended 31 December 2010

Independent auditors and disclosure of information to the independent auditors

In the case of each of the persons who are directors of the Company at the date when this report was approved

- So far as each director is aware, there is no relevant audit information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware, and
- Each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements are being made for them to be deemed reappointed as auditors in the absence of an annual general meeting

This directors' report has been prepared in accordance with the special provisions relating to small companies in accordance with section 415 (1a) of the Companies Act 2006

By order of the Board



M Stevens
Director
16 August 2011

**Independent auditor's report to the members of
CSES (Dorset) Limited**

We have audited the financial statements of CSES (Dorset) Limited for the year ended 31 December 2010 which comprise the profit and loss account, balance sheet, reconciliation of movements in shareholders' funds, principal accounting policies and the related notes 1 to 12. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 auditors

As explained more fully in the statement of directors' responsibilities included within the directors' report, 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

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.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2010 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.

Opinion on other matter prescribed by the Companies Act 2006

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

**Independent auditor's report to the members of
CSES (Dorset) Limited (continued)**

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, 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 directors' 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 in preparing the directors' report



Ian Krieger (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

19 April 2011

Profit and loss account
For the year ended 31 December 2010

| | Notes | 2010 £ | 2009 £ |
|---|-------|----------------------|------------------|
| Turnover | 1 | 178,215 | 176,260 |
| Cost of sales | | <u>(149,430)</u> | <u>(188,996)</u> |
| Gross profit/(loss) | | 28,785 | (12,736) |
| Administrative expenses | | (35,138) | (28,491) |
| Operating loss | | <u>(6,353)</u> | <u>(41,227)</u> |
| Income from shares in group undertakings | | 100,000 | - |
| Interest receivable | 2 | 416,393 | 25,197 |
| Interest payable | 3 | (415,583) | (26,150) |
| | | <u>94,457</u> | <u>(42,180)</u> |
| Profit/(loss) on ordinary activities before taxation | | 94,457 | (42,180) |
| Tax credit on profit/(loss) on ordinary activities | 4 | 336 | 12,184 |
| Profit/(loss) on ordinary activities after taxation for the financial year | | <u>94,793</u> | <u>(29,996)</u> |

The results for the current financial year derive from continuing operations

The Company has no recognised gains and losses in the current financial year, other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented

CSES (Dorset) Limited
COMPANY REGISTRATION NUMBER - 06287034

Balance sheet
For the year ended 31 December 2010

| | Notes | 2010 £ | 2009 £ |
|---|-------|----------------|----------------|
| Fixed assets | | | |
| Investment in subsidiary | 5 | 3,493,691 | 3,538,716 |
| Current assets | | | |
| Debtors | 6 | 51,664 | 44,987 |
| Cash at bank | | <u>15,076</u> | <u>12,094</u> |
| | | 66,740 | 57,081 |
| Creditors | | | |
| Amounts falling due within one year | 7 | (56,425) | (62,688) |
| Net current assets/(liabilities) | | 10,315 | (5,607) |
| Creditors | | | |
| Amounts falling due after one year | 7 | (3,292,691) | (3,316,587) |
| Net assets | | <u>211,315</u> | <u>216,522</u> |
| Capital and reserves | | | |
| Called up share capital | 8 | 201,000 | 201,000 |
| Profit and loss account | 9 | 10,315 | 15,522 |
| Shareholders' funds | | <u>211,315</u> | <u>216,522</u> |

The financial statements of CSES (Dorset) Limited, company registration number 06287034, were approved by the Board of Directors and authorised for issue on **16** August 2011



M Stevens, Director

Reconciliation of movements in shareholders' funds
For the year ended 31 December 2010

| | Notes | 2010 £ | 2009 £ |
|---|-------|------------------|-----------------|
| Profit/(loss) on ordinary activities after taxation | 9 | 94,793 | (29,996) |
| Dividends paid | 10 | (100,000) | - |
| Net reduction in shareholders' funds | | (5,207) | (29,996) |
| Opening shareholders' funds | | 216,522 | 246,518 |
| Closing shareholders' funds | | 211,315 | 216,522 |

Principal accounting policies
For the year ended 31 December 2010

Basis of accounting

These financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards which have been applied consistently throughout the current financial year

The directors' report on pages 2 to 3 above sets out the Company's principal activities

The directors have reviewed the liquidity requirements of the Company. The Company has contracts in place such that it has no uncovered liquidity requirements

Having regard to the above and after making enquiries the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts

Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales-related taxes

Cash flow statement

A cash flow statement is not present since the Company satisfies the definition of a small company in accordance with Financial Reporting Standard No 1 (revised)

Directors' emoluments and employees

Directors' fees for the current financial year were £15,902 (2009 £15,644). There were no employees in the current and previous financial year

Auditors' remuneration

Auditors' remuneration of £6,500 (2009 £2,500) and fees payable to company auditor for tax services of £3,100 (2009 £2,100) were incurred by this entity

Investments

Investments are held at cost less provision for any impairment in value

Taxation

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

Notes to the financial statements
For the year ended 31 December 2010

1. Turnover

| | 2010 £ | 2009 £ |
|----------------|----------------|----------------|
| Management fee | 157,012 | 155,401 |
| Director fees | 21,203 | 20,859 |
| | <u>178,215</u> | <u>176,260</u> |

2. Interest receivable

| | 2010 £ | 2009 £ |
|-------------------------------|----------------|---------------|
| Loan note interest receivable | 415,583 | 25,147 |
| Other Interest receivable | 810 | 50 |
| Interest receivable | <u>416,393</u> | <u>25,197</u> |

3. Interest payable

| | 2010 £ | 2009 £ |
|-----------------------------|----------------|---------------|
| Loan note interest payable | 415,583 | 25,147 |
| Interest on corporation tax | - | 1,003 |
| Interest payable | <u>415,583</u> | <u>26,150</u> |

4. a) Tax on profit/(loss) on ordinary activities

| | 2010 £ | 2009 £ |
|---|--------------|-----------------|
| Current tax | | |
| UK corporation tax (credit) at 28% (2009 28%) | - | (12,184) |
| Prior year adjustment | (336) | |
| Total current tax credit | <u>(336)</u> | <u>(12,184)</u> |

The standard rate of corporation tax for the year based on the UK standard rate of corporation tax is 28% (2009 28%) The actual tax charge for the current and previous year differs from the standard rate for the reasons set out in the following reconciliation

Notes to the financial statements (cont.)
For the year ended 31 December 2010

4. b) Factors affecting the tax charge for the period

| | 2010 £ | 2009 £ |
|--|---------------|-----------------|
| Profit/(loss) on ordinary activities before tax | <u>94,457</u> | <u>(42,180)</u> |
| UK Corporation tax payable/(receivable) at 28% (2009 28%) based on the loss for the year | 26,448 | (11,810) |
| Adjustment in respect of prior year | | |
| <i>Effects of</i> | | |
| (Non taxable)/non deductible items | (26,768) | 106 |
| Corporation tax rate change | - | (480) |
| Losses not utilised | <u>320</u> | <u>-</u> |
| Current tax charge/(credit) for the year | <u>-</u> | <u>(12,184)</u> |

5. Fixed asset investments

| | Joint venture undertakings £ | Joint venture loans £ | Total £ |
|--------------------------------|------------------------------------|--------------------------------|------------------|
| Cost and net book value | | | |
| At 1 January 2010 | 201,000 | 3,337,716 | 3,538,716 |
| Repayment - loan notes 2010 | - | (21,129) | (21,129) |
| Repayment - loan notes 2011 | - | (23,896) | (23,896) |
| At 31 December 2010 | <u>201,000</u> | <u>3,292,691</u> | <u>3,493,691</u> |

The principal activity of the 67% owned Joint Venture (Dorset Emergency Services PPP (Holdings) Limited) is to enable PFF (Dorset) Limited to design, build, finance and operate emergency services police and fire stations in Dorset

Dorset Emergency Services PPP (Holdings) Limited has net assets of £300,000 at 31 December 2010 (2009 £300,000) and no profit or loss for the year

The Company subscribed at par for £3,337,716 of loan notes in Dorset Emergency Services PPP (Holdings) Limited on the completion of the building works in its joint venture on 9 December 2009

Notes to the financial statements (cont.)
For the year ended 31 December 2010

6. Debtors

| | 2010 | 2009 |
|---|---------------|---------------|
| | £ | £ |
| Amounts owed by parent | - | 5,212 |
| Loan notes | 23,896 | - |
| Amounts receivable from related parties (note 12) | 15,248 | 11,907 |
| Corporation tax debtor | 12,520 | 7,192 |
| Amounts receivable for consortium relief | - | 4,992 |
| Accrued income | - | 15,684 |
| | <u>51,664</u> | <u>44,987</u> |

7. Creditors

| | 2010 | 2009 |
|--|---------------|---------------|
| | £ | £ |
| Amounts falling due within one year: | | |
| Amount owed to Parent | 202 | - |
| Amounts payable to related parties (note 12) | 23,740 | 31,606 |
| Trade Creditors | 617 | - |
| Other Creditors | 1,020 | - |
| Loan notes | 23,896 | 21,129 |
| Accruals | 6,643 | 8,983 |
| VAT payable | 307 | 970 |
| Corporation tax | - | - |
| | <u>56,425</u> | <u>62,688</u> |

Amounts falling due after one year:

| | | |
|------------|------------------|------------------|
| Loan notes | <u>3,292,691</u> | <u>3,316,587</u> |
| | <u>3,292,691</u> | <u>3,316,587</u> |

Amounts falling due after one year are payable as follows:

| | | |
|-------------------------------|------------------|------------------|
| - in the second to fifth year | 131,259 | 50,922 |
| - over five years | <u>3,161,432</u> | <u>3,265,665</u> |
| | <u>3,292,691</u> | <u>3,316,587</u> |

On 9 December 2009, the Company issued £3,337,716 of unsecured loan notes. As at the year end £415,583 (2009 £25,147) of interest had been paid. The loan notes have an interest rate equal to that of the Company's loan to subsidiary Dorset Emergency Services PPP (Holdings) Limited.

Interest on these notes is charged at a rate of 12.5% per annum. Repayments are made on a quarterly basis as per the subordinated debt repayment schedule.

Notes to the financial statements (cont.)
For the year ended 31 December 2010

8. Called up share capital

| | 2010 £ | 2009 £ |
|---|----------------|----------------|
| Allotted, called up and fully paid | | |
| 201,000 ordinary shares of £1 each | <u>201,000</u> | <u>201,000</u> |

9. Profit and loss account

| | 2010 £ | 2009 £ |
|--------------------------------------|------------------|---------------|
| Balance as at 1 January | 15,522 | 45,518 |
| Retained profit /(loss) for the year | 94,793 | (29,996) |
| Dividends paid | <u>(100,000)</u> | <u>-</u> |
| Balance as at 31 December | <u>10,315</u> | <u>15,522</u> |

10. Dividends

Amounts recognised as distributions to equity holders in the year:

| | 2010 £ | 2009 £ |
|--|----------------|-----------|
| Interim dividend for the year ended 31 December 2010 of £49 75p (2009 £nil) per ordinary share | <u>100,000</u> | <u>-</u> |

11. Ultimate parent company and controlling party

CSES (Dorset) Limited is a wholly owned subsidiary of Blue Light (Holdings) Limited, a company jointly owned by Barclays European Infrastructure Fund II Limited Partnership and Community Solutions for Emergency Services Limited

Notes to the financial statements (cont.)
For the year ended 31 December 2010

12. Related party transactions

The directors consider the material transactions undertaken by the Company during the year with related parties were as follows

| Nature of transaction | Transaction amount 2010 £ | Amount due (to)/from party at 2010 £ | Transaction amount 2009 £ | Amount due (to)/from party at 2009 £ |
|--|--|---|--|---|
| Morgan Sindall Investments Limited | | | | |
| Provision of services | (160,717) | (23,740) | (198,481) | (31,606) |
| Barclays Infrastructure Funds | | | | |
| Provision of services | (22,519) | - | - | - |
| Blue Light Holdings Ltd | | | | |
| Provision of services | 2,500 | 2,500 | - | - |
| PFF (Dorset) Limited (subsidiary of Dorset Emergency Services PPP (Holdings) Limited) | | | | |
| Provision of services | 175,716 | 12,747 | 176,260 | 11,907 |
| Community Solutions for Emergency Services Limited | | | | |
| Loan notes | (1,658,293) | (1,658,293) | (1,668,858) | (1,668,858) |
| Interest on loan notes | (207,791) | - | (12,574) | - |
| Barclays European Infrastructure Fund II Limited Partnership | | | | |
| Loan notes | (1,658,293) | (1,658,293) | (1,668,858) | (1,668,858) |
| Interest on loan notes | (207,791) | - | (12,574) | - |
| Dorset Emergency Services PPP (Holdings) Limited | | | | |
| Loan note investment | 3,316,587 | 3,292,691 | 3,337,716 | 3,337,716 |
| Interest on loan notes | 415,583 | - | 25,148 | - |

The transaction amount in the current year and prior year related to the purchase of goods and services at normal trade price, excluding value added tax