Company Registration No. 07028475

S&W TLP (PSP TWO) LIMITED

Directors' Report and Financial Statements

Year ended 31 March 2012

S&W TLP (PSP TWO) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS 2012

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S&W TLP (PSP TWO) LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J Barber
T J Hesketh
S Hockaday
A Travis

REGISTERED OFFICE

Epsilon
Windmill Hill Business Park
Whitehill Way
Swindon
Wiltshire
SN5 6NX

AUDITOR

Baker Tilly UK Audit LLP
Hartwell House
55 - 61 Victoria Street
Bristol
BS1 6AD

DIRECTORS' REPORT

The Directors present their report and the audited financial statements for the year ending 31 March 2012

PRINCIPAL ACTIVITY

The Company is a private sector partnership created as part of the Salford and Wigan Building Schools for the Future project and has an investment in S&W TLP (Hold Co One) Limited The principal activity of that subsidiary is the provision of construction services, either directly or indirectly (through investments in subsidiary companies) under the Building Schools for the Future initiative

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The Company continues to operate as an investment company to S&W TLP (Hold Co One) Limited and did not trade, and as such has no profit or loss for the current year The Directors anticipate that the Company will continue to operate as such in future

The results for the Group for the year are in line with budget The Directors anticipate that the Group will perform in line with budget in the coming financial year

DIVIDENDS

The Directors do not recommend the payment of a dividend (2011 £nil)

KEY PERFORMANCE INDICATORS (KPIs)

Given the straightforward nature of the Group's business, the Company's directors are of the opinion that no other KPIs are necessary for an understanding of the development, performance or position of the Group, other than monitoring performance against budget and stage of development of the build

GOING CONCERN

The Group's business activities and principal risks and uncertainties are detailed elsewhere in the Directors' Report The Directors have reviewed the budget for the foreseeable future, and have considered the projected cash flows based on the contractual receipts and payments of cash They project that the loan covenant terms will be met for the foreseeable future Having considered the risks and uncertainties of the business, their projections for the future performance of the Group, and the current uncertain economic environment, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future Accordingly, they continue to adopt the going concern basis in preparing the financial statements

DIRECTORS

The directors who served during the period, and to the date of signing, were as follows

- T J Hesketh
- S Hockaday
- J Barber
- A Travis

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006

DIRECTORS' REPORT (CONTINUED)

FINANCIAL RISK MANAGEMENT

The financial risk management policy of the Group is designed to identify and manage risk at the earliest possible point The Group keeps a detailed risk register which is formally reviewed by the Board on a quarterly basis

The Group does not undertake financial instrument transactions that are speculative or unrelated to the Group's trading activities Board approval is required for the use of any new financial instrument, and the Group's ability to enter into any new transaction is constrained by covenants in its existing funding agreement

The Group's exposure to and management of price risk, credit risk, liquidity risk and interest rate cash flow risk is detailed below

Price risk

The Group's price risk is managed through the twenty five year service delivery element of the project agreement with Salford City Council which provides for payments that are fixed subject to performance and inflation indexation and through sub-contracts with suppliers that largely mirror the provisions of the project agreement with Salford City Council

Credit risk

Cash flows are generated from the availability of the schools and from the maintenance provided to Salford City Council Cash flows are secured under a long-term contract with Salford City Council, whose liabilities are effectively underwritten by the Government

Liquidity risk

The Group's liquidity risk is principally managed through financing the Group by means of long-term and short-term borrowings which are tailored to match expected cost and revenues arising from the contract under the Private Finance Initiative In addition, the Group has access to a debt service reserve facility which provides short-term liquidity against future debt service requirements

Interest rate cash flow risk

The Group has interest bearing assets and interest bearing liabilities Interest bearing assets include only cash balances which earn interest at variable rates Interest bearing liabilities include term loans and loan notes Loan notes bear interest at a fixed rate Term loans bear interest at variable rates and so the Group also enters into interest rate swaps, the purpose of which is to manage the interest rate risk arising from these borrowings

USE OF FINANCIAL INSTRUMENTS

Information on the Group's use of financial instruments is described in Note 16

AUDITOR

Baker Tilly UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements are being made for them to be deemed reappointed as auditor in the absence of an Annual General Meeting

Approved by the Board and signed on its behalf by

J Barber Director Date 12 September 2012

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

UK company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the group 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 company and of the profit or loss of the group 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, and
- prepare the group and parent company 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 group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF S&W TLP (PSP TWO) LIMITED

We have audited the group and parent company financial statements (the "financial statements") on pages 6 to 16 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 auditor

As more fully explained 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 (APB'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 APB's website at www frc org uk/apb/scope/private cfm

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and parent company's affairs as at 31 March 2012 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 matters 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

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

Baker Tilly UK Audit LLP

Andrew Allchin (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
Hartwell House
55-61 Victoria Street
Bristol, BS1 6AD
Date
21-09-2012

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2012

	Note	2012 £	2011 £
TURNOVER		9,884,616	32,696,642
Cost of sales		(9,614,171)	(32,696,642)
GROSS PROFIT		270,445	-
Administrative expenses		(265,093)	(61,479)
OPERATING PROFIT/(LOSS)		5,352	(61,479)
Interest receivable and similar income	2	2,716,531	7,066
Interest payable and similar charges	3	(2,971,524)	-
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	4	(249,641)	(54,413)
Taxation on loss on ordinary activities	5	48,307	11,427
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	11	(201,334)	(42,986)
Equity Minority Interests	17	56,373	12,036
LOSS FOR THE FINANCIAL YEAR	12	(144,961)	(30,950)

All results above relate entirely to continuing operations

There are no gains or losses for the current year other than the losses as stated above Accordingly no statement of total recognised gains and losses has been presented

S&W TLP (PSP TWO) LIMITED

BALANCE SHEETS
as at 31 March 2012

	Note	Group 2012 £	Company 2012 £	Group 2011 £	Company 2011 £
FIXED ASSETS					
Investment in subsidiary undertakings	6	-	5,402,910	-	7,200
CURRENT ASSETS					
Debtors due within one year	7	1,088,414	356,560	1,467,200	-
Debtors due after more than one year	7	64,492,235	-	54,330,090	-
Cash at bank and in hand		1,458,719	-	5,250,127	-
		67,039,368	356,560	61,047,417	-
CREDITORS: amounts falling due within one year	8	(2,984,005)	(492,183)	(10,225,159)	-
NET CURRENT ASSETS/(LIABILITIES)		64,055,363	(135,623)	50,822,258	-
CREDITORS: amounts falling due after more than one year	9	(64,381,592)	(5,260,087)	(50,947,153)	-
NET (LIABILITIES)/ASSETS		(326,229)	7,200	(124,895)	7,200
CAPITAL AND RESERVES					
Called up share capital	10	7,200	7,200	7,200	7,200
Profit and loss account	11	(242,085)	-	(97,124)	-
SHAREHOLDER'S (DEFICIT)/FUNDS	12	(234,885)	7,200	(89,924)	7,200
Minority Interests	17	(91,344)	-	(34,971)	-
TOTAL CAPITAL EMPLOYED		(326,229)	7,200	(124,895)	7,200

These financial statements were approved and authorised for issue by the Board of Directors on 12 September 2012 and were signed on its behalf by

J Barber

Director

12 September 2012

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 March 2012

	Note	2012 £	2011 £
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	15(a)	(10,181,516)	(36,675,331)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		2,716,531	7,066
Interest paid		(2,777,644)	-
NET CASH (OUTFLOW)/ INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(61,113)	7,066
TAXATION			
Corporation tax paid		-	-
NET CASH OUTFLOW BEFORE FINANCING		(10,242,629)	(36,668,265)
FINANCING			
Loans drawn down		14,896,061	37,538,433
Loans repaid		(8,444,840)	-
NET CASH INFLOW FROM FINANCING		6,451,221	37,538,433
(DECREASE)/INCREASE IN CASH		(3,791,408)	870,168

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	Note	2012 £	2011 £
(Decrease)/increase in cash in the year		(3,791,408)	870,168
Cash inflow from changes in debt		(6,451,221)	(37,538,433)
Other non cash changes		(193,880)	-
Movement in net debt in the year	15(b)	(10,436,509)	(36,668,265)
Net debt at 31 March 2011	15(b)	(53,948,771)	(17,280,506)
Net debt at 31 March 2012	15(b)	(64,385,280)	(53,948,771)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2012

1. ACCOUNTING POLICIES

A summary of the principal accounting policies, which have been applied consistently throughout the current year, is set out below

Basis of preparation

The financial statements have been prepared 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 drawn up to 31 March each year The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed Acquisitions are accounted for under the acquisition method

Going concern

The Group's business activities and principal risks and uncertainties are detailed in the Directors' Report The Directors have reviewed the budget for the foreseeable future, and have considered the projected cash flows based on the contractual receipts and payments of cash They project that the loan covenant terms will be met for the foreseeable future Having considered the risks and uncertainties of the business, their projections for the future performance of the Group, and the current uncertain economic environment, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future Accordingly, they continue to adopt the going concern basis in preparing the financial statements

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

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

Turnover and long term contracts

The project agreement with Salford City Council provides for the charging of a unitary fee from the date the schools are made available until the end of the service delivery agreement The unitary fee is fixed subject to performance and inflation indexation

During the construction phase, construction costs incurred are recorded as cost of sales Turnover is also recognised in relation to the construction work performed but no profit on construction is recognised The turnover recognised is included within the 'financial asset' described below If construction costs are forecast to exceed amounts which can be subsequently recovered, a loss is recognised as soon as this is foreseen

Amounts recoverable on long-term contracts, which are included in debtors, represent future amounts due over the life of the service delivery contract for the fair value of the construction work on the schools This financial asset comprises the construction turnover recognised up to the balance sheet date, other directly attributable costs, interest on loan facilities used to finance the construction less amounts collected to date

Interest is recorded on the financial asset at a constant rate based on the carrying amount

The unitary fee charged is split between services provided (which is recorded as turnover), collection of the financial asset, payment of interest on the financial asset and deferred income

Turnover in relation to both construction and services provided is recorded, net of VAT and arises entirely in the UK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2012

1. ACCOUNTING POLICIES (CONTINUED)

Capitalisation of costs

Interest arising on loans taken out to fund the construction of an asset are capitalised within amounts recoverable on long-term contracts until the construction is completed and the asset is handed over to the customer In addition overheads, banking facility commitment fees and professional fees incurred in the period from financial close to the end of construction period are also capitalised within amounts recoverable on long-term contracts

Fixed asset investments

Investments are shown at cost less any provision for diminution in value

Capital instruments

Share capital is included in shareholders' funds Debt instruments, which contain an obligation to repay, are classified as liabilities In accordance with Financial Reporting Standard 4 – Capital Instruments, the costs associated with the issue of debt instruments are charged to the Profit and Loss account over the life of the instruments, at a constant rate based on the carrying amount

Derivative financial instruments

The Group uses derivative financial instruments to reduce exposure to interest rate fluctuations The Group does not hold or issue derivative financial instruments for speculative purposes Details of the Group's interest rate swap contracts are given in note 16

Dividends

Dividends to the Company's ordinary shareholders are recognised as a liability when the amount has been agreed by the Board of Directors and the Group's senior debt provider and when they have been paid

2. INTEREST RECEIVABLE AND SIMILAR INCOME

	2012 £	2011 £
Bank interest receivable	13,446	7,066
Interest on finance debtor	2,703,085	-
	2,716,531	7,066

3. INTEREST PAYABLE AND SIMILAR CHARGES

	2012 £	2011 £
Bank interest payable	2,284,421	-
Other interest payable	495,223	-
Amortisation of debt issue costs	193,880	-
	2,971,524	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2012

4. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

Employee costs

The Group had no employees in the year other than the directors

Directors' emoluments

Directors are paid by other associated undertakings, allocation to this company is £Nil (2011 £Nil)

Auditor's remuneration

	Group 2012 £	Company 2012 £	Group 2012 £	Company 2011 £
Auditor's remuneration				
- Audit services	8,500	1,000	8,500	1,000
- Tax services	5,000	525	5,000	525

Auditor's remuneration is borne by S&W TLP Education Partnership Limited on behalf of the Group under the terms of the management services agreement For the audit, this amounted to £8,500 (2011 £8,500) payable to Baker Tilly UK Audit LLP and £5,000 (2011 £5,000) for tax services payable to Baker Tilly Tax and Accounting Limited These amounts (included within the Management Services Agreement fee) have been capitalised within amounts recoverable on long term contracts

5. TAXATION ON LOSS ON ORDINARY ACTIVITIES

(a) Analysis of tax credits in the year

	2012 £	2011 £
Current tax		
UK corporation tax on losses in the year	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	(48,307)	(11,427)
Tax on loss on ordinary activities	(48,307)	(11,427)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2012

5. TAXATION ON LOSS ON ORDINARY ACTIVITIES (CONTINUED)

(b) Factors affecting tax credits for the year

The tax assessed for the year is lower than (2011 in line with) the standard (2011 small companies) rate of corporation tax in the UK of 26% (2011 21%) The differences are explained below

	2012 £	2011 £
Loss on ordinary activities before taxation	(249,641)	(54,413)
Loss on ordinary activities at the standard (2011 small companies) rate of corporation tax in the UK of 26% (2011 21%)	(64,906)	(11,427)
Non deductable expenses	26	-
Prior period adjustment for non deductable expenses	21	-
Restate closing deferred tax to average rate of 26%	24,452	-
Restate opening deferred tax to average rate of 26%	(7,900)	-
Effect of		
- Losses carried forward	48,307	11,427
Current tax credit for the year	-	-

6. FIXED ASSET INVESTMENTS

	Group £	Company £
Investment in subsidiary undertakings		
As at 31 March 2012	-	5,402,910

Company	Shares in participating interests £	Loans to undertakings in which the company has a participating interest £	Total £
Cost			
As at 1 April 2011	7,200	-	7,200
Additions	-	5,395,710	5,395,710
As at 31 March 2012	7,200	5,935,710	5,402,910

Shares in participating interests

The Company has a 72% direct shareholding in S&W TLP (Hold Co One) Limited, which has a 100% subsidiary involved in the design, construction, financing, operation and maintenance of two secondary schools

Loans to undertakings in which the Company has a participating interest

The Company owns 72% of the loan notes of S&W TLP (Project Co One) Limited

On 12 September 2011, the company invested £5,935,710 in Subordinated Unsecured Loan Notes in S&W TLP (Project Co One) Limited, a 100% subsidiary of S&W TLP (Hold Co One) Limited These loan notes carry a coupon of 12% and interest is payable semi-annually in arrears on 31 March and 30 September

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2012

7. DEBTORS

	Group 2012 £	Company 2012 £	Group 2011 £	Company 2011 £
Amounts recoverable on long-term contracts				
- due within one year	968,091	-	514,982	-
Other debtors	-	-	919,018	-
Prepayments and accrued income	38,816	356,560	-	-
Deferred tax	81,507	-	33,200	
Debtors due within one year	1,088,414	356,560	1,467,200	-
Amounts recoverable on long-term contracts				
- due after more than one year	64,492,235	-	54,330,090	-
Total debtors	65,580,649	356,560	55,797,290	-

Interest payable was being capitalised until the practical completion date Included in amounts recoverable on long-term contracts is interest totalling £5,108,521 (2011 £3,110,626)

Movement on the deferred tax asset, which relates entirely to losses, is as follows

	£
At 1 April 2011	33,200
Profit and loss account (note 5)	48,307
At 31 March 2012	81,507

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2012 £	Company 2012 £	Group 2011 £	Company 2011 £
Other loans (note 9)	188,365	-	749,404	-
Bank loans (note 9)	1,274,042	-	7,502,341	-
Trade creditors	149,676	135,623	1,968,264	-
Other creditors	195,726	-	-	-
Accruals and deferred income	1,176,196	356,560	5,150	-
	2,984,005	492,183	10,225,159	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2012

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

	Group 2012 £	Company 2012 £	Group 2011 £	Company 2011 £
Other loans	7,305,676	5,260,087	-	-
Bank loans	57,075,916	-	50,947,153	-
	64,381,592	5,260,087	50,947,153	-

In accordance with Financial Reporting Standard 4 – Capital Instruments, issue costs of £1,166,343 (2011 £1,360,223) have been set off against the total loan drawdowns The amount set off against loans falling due within one year is £76,017 (2011 £193,096) and after more than one year is £1,090,326 (2011 £1,167,127)

Maturity of debt

The loans are repayable as follows

	Group 2012 £	Company 2012 £	Group 2011 £	Company 2011 £
Due within one year	1,462,407	-	8,251,745	-
Due between one and two years	1,436,962	-	322,459	-
Due between two and five years	4,714,140	-	2,811,318	-
Due in more than five years	58,230,490	-	47,813,346	-
	65,843,999	-	59,198,898	-

Bank loans

The bank loans comprise senior debt and equity bridge debt

The senior debt consists of a loan that is repayable by August 2035 with principal repayments on the loan which commenced in March 2012 The amount of the senior debt loan drawdown as at 31 March 2012 is £59,516,230 (2011 £53,065,080), with £1,350,059 (2011 £950,799) falling due within one year and £58,166,242 (2011 £52,114,281) falling due after more than one year The interest rate on this loan has been fixed at 6 855% per annum (half through the use of a swap and half as a fixed rate loan) until September 2021

The amount of the equity bridge loan drawdown as at 31 March 2012 is £Nil (2011 £6,744,637), with £Nil (2011 £6,744,637) being due within one year The interest rate on this loan was fixed at 6 205% per annum (half through the use of a swap and half as a fixed rate loan) The equity bridge debt was repaid from the proceeds of subordinated loan notes subscribed for in September 2011

The bank loans are secured by floating charges over all the assets, rights and undertakings of the Company

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2012

9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (CONTINUED)

Other loans

Other loans comprise BSFI Loan Notes and Subordinated Unsecured Loan Notes

The amount of the BSFI Loan Notes as at 31 March 2012 is £Nil (2011 £749,404) They carried a coupon of 6 215% and interest was paid monthly in arrears Full repayment of the BSFI Loan Notes took place in September 2011 from the proceeds of subordinated loan notes subscribed for at the same time

The Subordinated Unsecured Loan Notes carry a coupon of 12% and interest is payable semi-annually in arrears on 31 March and 30 September

Providing certain defaults are not made by the Company, the loan notes are due for repayment on a semi-annual basis on 31 March and 30 September

The terms of the loan notes state that payments of interest and repayments of the loan principal are only to be made if sufficient funds are available to avoid a breach of covenants in the Company's banking facilities and whilst the Company is not in the process of liquidation or other such winding-up proceedings No such covenant breeches have occurred during the current or prior year

10. SHARE CAPITAL

	Group and Company	
	2012	2011
	£	£
Allotted, called up and fully paid		
7,200 ordinary shares of £1 each, issued at par	7,200	7,200

11. PROFIT AND LOSS ACCOUNT

	Group	Company
	£	£
At 1 April 2011	(97,124)	-
Loss for the financial year	(144,961)	-
At 31 March 2012	(242,085)	-

The profit for the financial year dealt with in the financial statements of the parent company was £Nil As permitted by section 408 of the Companies Act 2006, no separate profit and loss account is presented in respect of the parent company

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S (DEFICIT)/FUNDS

	Goup 2012	Company 2012	Group 2011	Company 2011
	£	£	£	£
Opening shareholder's (deficit)/funds	(89,924)	7,200	(89,924)	7,200
Loss for the financial year	(144,961)	-	(144,961)	-
Closing shareholder's (deficit)/funds	(234,885)	7,200	(234,885)	7,200

13. FINANCIAL COMMITMENTS

The Group is committed to the provision of design and construction services The total value contracted but not provided for is £143,076 (2011 £9,389,197)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2012

14. CONTROLLING PARTY

Ownership of the Company is shared equally between HOCHTIEF PPP Solutions (UK) Limited which is registered in England and Wales and Laing O'Rourke PLC, which is registered in England and Wales

Accordingly, there is no overall parent company and no ultimate controlling party

15. NOTES TO THE CASH FLOW STATEMENT

(a) Reconciliation of operating profit/(loss) to net cash outflow from operating activities

	2012 £	2011 £
Operating profit/(loss)	5,352	(61,479)
Increase in debtors	(9,735,052)	(36,459,205)
Decrease in creditors	(451,516)	(154,647)
Net cash outflow from operating activities	(10,181,516)	(36,675,331)

(b) Analysis of net debt

	At 1 April 2011 £	Cash flow £	Non-cash Movements £	At 31 March 2012 £
Cash at bank and in hand	5,250,127	(3,791,408)	-	1,458,719
Debt due within one year	(8,251,745)	8,444,840	(1,655,502)	(1,462,407)
Debt due in more than one year	(50,947,153)	(14,896,061)	1,461,622	(64,381,592)
Net debt	(53,947,771)	(10,242,629)	(193,880)	(64,385,280)

Non-cash movements comprise transfers between categories of debt and amortisation of debt issue costs

16. DERIVATIVES NOT INCLUDED AT FAIR VALUE

The fair values of the Group's derivatives are as follows

	Principal 2012 £	Fair Value 2012 £	Principal 2011 £	Fair Value 2011 £
Interest rate swap contracts	29,758,150	5,560,616	29,904,859	1,419,170

The Group uses derivatives to manage the exposure to interest rate movements on its senior and equity bridge debt The fair values are based on market values of equivalent instruments at the balance sheet date

The interest rate swap contracts have fixed interest receipts at an average rate of 4 445% over the life of the swap contracts, which terminate on 31 August 2035, and have floating interest payments at LIBOR

17. MINORITY INTERESTS

	2012 £
At 1 April 2011	(34,971)
Loss on ordinary activities after taxation	(56,373)
Indirect holding adjustment	-
At 31 March 2012	(91,344)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2012

18. RELATED PARTY TRANSACTIONS

	Transaction amount for the year ended 31 March 2012 £	Amount due (to) / from party as at 31 March 2012 £
HOCHTIEF PPP Solutions (UK) Limited (shareholder)		
- Provision of goods and services (capitalised to amounts recoverable on long-term contracts)	(16,748)	-
S&W TLP Education Partnership Limited (shareholder of subsidiary)		
- Management Services Fees (£85,695 capitalised to amounts recoverable on long-term contracts, £110,404 cost of sales)	(196,099)	(22,081)
- Interest on loan	(49,522)	(49,522)
Building Schools for the Future Investments LLP		
- Interest on loan	(65,497)	(44,750)
Laing O'Rourke Services Limited		
- Provision of goods and services	(16,754)	-
Laing O'Rourke Construction Limited		
- Provision of goods and services	(8,879,294)	(293,124)
Salford City Council		
- Interest on loan	(44,750)	(44,750)

	Transaction amount for the year ended 31 March 2011 £	Amount due (to) / from party as at 31 March 2011 £
HOCHTIEF PPP Solutions (UK) Limited (shareholder)		
- Provision of goods and services (capitalised to amounts recoverable on long-term contracts)	(37,476)	-
S&W TLP Education Partnership Limited (shareholder)		
- Management Services Fees (capitalised to amounts recoverable on long-term contracts)	(172,104)	-
Building Schools for the Future Investments LLP		
- Interest on loan	(46,575)	-
Laing O'Rourke Services Limited		
- Provision of goods and services	(37,470)	-
Laing O'Rourke Construction Limited		
- Provision of goods and services	(32,723,158)	(1,961,884)