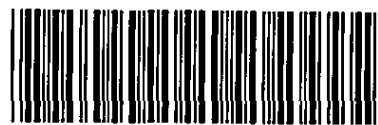


# Cheshire SPV (Holdings) Limited

**Company Number: SC225398**

**Annual Report and Financial Statements for the  
year ended 31 December 2010**

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# Cheshire SPV (Holdings) Limited

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## **Directors and advisors**

### **Directors**

H Duncan

K Meade

### **Company Secretary**

S McAteer

### **Independent Auditors**

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

141 Bothwell Street

Glasgow G2 7EQ

### **Bankers**

Bank of Scotland

54/62 Sauchiehall Street

Glasgow G2 3AH

### **Principal Solicitors**

McClure Naismith

3 Ponton Street

Edinburgh EH3 9QQ

### **Registered Office**

Kelvin House

Buchanan Gate Business Park

Stepps

Glasgow

G33 6FB

### **Registered in Scotland**

Number SC225398

# Cheshire SPV (Holdings) Limited

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## Directors' report for the year ended 31 December 2010

The directors present their annual report and audited financial statements for the year ended 31 December 2010 for Cheshire SPV (Holdings) Limited, company number SC225398.

### Results and dividends

The profit of the company for the year (2009: profit) is set out in the profit and loss account on page 6.

The directors do not recommend the payment of a dividend in respect of the year (2009: £nil).

### Principal activities and future developments

The company has been established for the single purpose of holding shares in a subsidiary single purpose company and generating a pledge over such shares to a third party lender. The company provides subordinated debt to its subsidiary undertaking, Cheshire SPV Limited.

### Business review

The company acts as a holding company and provides subordinated debt for Cheshire SPV Limited whose accounts are prepared on a going concern basis.

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for the understanding of the development, performance or position of the business.

Looking forward to 2011 it is anticipated that the performance of the company will continue in line with the current year, and there are not expected to be any changes to the current business activities.

### Principal risks and uncertainties

The principal risks and uncertainties relate to the underlying performance of the company's trading subsidiary, Cheshire SPV Limited. Cheshire SPV Limited produce monthly reports on its performance and audited annual accounts. General trading and performance is in line with expectations. Routine monitoring of trading and performance of Cheshire SPV Limited will continue.

### Directors

The following served as directors throughout the year:

H Duncan  
K Meade

S McAteer served as company secretary throughout the year.

### 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 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 year.

# Cheshire SPV (Holdings) Limited

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## Directors' report for the year ended 31 December 2010

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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- \* prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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.

### Indemnity of officers

Under Article 29 of the Company's Articles of Association and subject to the provisions of the Companies Act 2006, the company may indemnify any director or other officer against any liability incurred by him in the execution or discharge of his duties or the exercise of his powers and including but not limited to any liability for the costs of legal proceedings where judgement is given in their favour.

In addition, there is directors and officers liability insurance in place for directors and/or officers of the company.

### Disclosure of information to auditors

Each of the persons who is a director at the date of the approval of this report confirms that:

1. So far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
2. The director has taken all reasonable 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 provisions of Sections 418(1) to (4) of the Companies Act 2006).

### Independent auditors

The company has passed an Elective Resolution pursuant to section 386 of the Companies Act 1985 to dispense with the annual reappointment of auditors. As this Elective Resolution was in force before 1 October 2007 and has not been revoked or ceased to have effect, Pricewaterhouse Coopers LLP will continue in office as auditors of the Company pursuant to section 487 (2) of the Companies Act 2006 as amended by the Companies Act 2006 (Commencement No. 3 Consequential Amendments, Transitional Provisions and Savings) Order 2007 SI2007/2194.

By order of the Board



S McAteer  
Company Secretary  
24 March 2011

# Cheshire SPV (Holdings) Limited

## Independent Auditors' Report to the members of Cheshire SPV (Holdings) Limited

We have audited the financial statements of Cheshire SPV (Holdings) Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes. 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).

### Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities 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. 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.

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.

### 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.

### 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.



Mark Hoskyns-Abraham (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Glasgow  
24 March 2011

# Cheshire SPV (Holdings) Limited

## Profit and loss account

Amounts in thousands of pounds

For the year ended 31 December 2010

|   | Note | 2010    | 2009  |
|---|------|---------|-------|
| Income from investments   |      | -       | -     |
| <b>Profit on ordinary activities before interest and taxation</b> | 2    | -       | -     |
| Interest receivable   | 4    | 240 -   | 239   |
| Interest payable  | 4    | (240) - | (239) |
| <b>Profit on ordinary activities before taxation</b>              |      | -       | -     |
| Tax on profit on ordinary activities                              |      | -       | -     |
| <b>Profit for the financial year</b>                              |      | -       | -     |

All items in the profit and loss account relate to continuing operations.

There are no material differences between the profit (2009: profit) on ordinary activities before taxation and the profit (2009: profit) for the years stated above and their historical cost equivalents.

## Statement of total recognised gains and losses

For the year ended 31 December 2010

For the years ended 31 December 2010 and 2009 the group has no recognised gains or losses.

# Cheshire SPV (Holdings) Ltd

## Balance sheet

Amounts in thousands of pounds

As at 31 December 2010

|  | Note | 2010         | 2009         |
|--|------|--------------|--------------|
| <b>Fixed assets</b>  |      |              |              |
| Investment in subsidiaries                                     | 5    | 10           | 10           |
| <b>Debtors</b>   |      |              |              |
| amounts falling due after more than one year                   | 6    | 1,613        | 1,522        |
| amounts falling due within one year                            | 7    | <u>412</u>   | <u>525</u>   |
|  |      | 2,035        | 2,057        |
| <b>Creditors: amounts falling due within one year</b>          | 8    | <u>(412)</u> | <u>(525)</u> |
| <b>Net current assets</b>                                      |      | 1,623        | 1,532        |
| <b>Creditors: amounts falling due after more than one year</b> | 9    | (1,613)      | (1,522)      |
| <b>Net assets</b>  |      | <u>10</u>    | <u>10</u>    |
| <b>Financed by</b>   |      |              |              |
| <b>Capital and reserves</b>                                    |      |              |              |
| Called up share capital  | 10   | <u>10</u>    | <u>10</u>    |
| Total shareholders' funds                                      | 11   | <u>10</u>    | <u>10</u>    |

The accounts on pages 6 to 11 were approved by the Board of Directors on 23 March 2011 and signed on its behalf by:



H Duncan  
Director  
24 March 2011

## Notes to the financial statements for the year ended 31 December 2010

Amounts in thousands of pounds

### 1 Accounting policies

#### Basis of preparation

The financial statements have been prepared on the going concern basis under the historical cost convention, in accordance with the Companies Act 2006 and applicable Accounting Standards in the United Kingdom. A summary of the principal accounting policies, which have been applied consistently, is set out below.

The company is exempt from producing consolidated financial statements as it is a wholly owned subsidiary of its immediate parent company, BAM PFI Investments bv and is included in the consolidated financial statements of its ultimate parent company, Royal BAM Group nv, which are publicly available. Consequently, the company is exempt under the terms of Financial Reporting Standard 8 "Related Party Transactions" from disclosing related party transactions with entities which are wholly owned by the Royal BAM Group nv.

#### Cash flow statement

The company is a wholly owned subsidiary of Royal BAM Group nv, a company incorporated in The Netherlands, and the cash flows of the company are included in the consolidated group cash flow statement of Royal BAM Group nv. Consequently the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996) "Cash Flow Statements".

#### Investments

Investments are stated at cost less any provision for impairment in value. At present there has been no impairment.

#### Offsetting

All amounts in the accounts are presented gross except where they are not separate assets and liabilities as defined in Financial Reporting Standard 5, and where the following conditions are met:

1. The company and other party owe each other determinable monetary amounts denominated either in the same currency, or in different but freely convertible currencies.
2. The company has the ability to insist on net settlement.
3. The company's ability to insist on a net settlement is assured beyond reasonable doubt and would survive the insolvency of the other party.
4. The debit balance matures no later than the credit balance.

### 2 Profit on ordinary activities before interest and taxation

The audit fee for this company has been borne by its subsidiary company Cheshire SPV Limited and there has been no recharge of this fee in both the current and prior year.



# Cheshire SPV (Holdings) Limited

## Notes to the financial statements for the year ended 31 December 2010

Amounts in thousands of pounds

### 3 Directors and staff

The company did not employ any personnel during the year (2009: none).  
No remuneration was paid to any director during the year (2009: £nil).

### 4 Interest

|   | 2010     | 2009     |
|---|----------|----------|
| <b>Interest receivable</b>                  |          |          |
| Interest from fellow subsidiary undertaking | 240      | 239      |
| <b>Interest payable</b>                     |          |          |
| Interest to fellow group company            | (240)    | (239)    |
|   | <u>-</u> | <u>-</u> |

### 5 Investments

| Investments in subsidiary undertakings |           |           |
|--|-----------|-----------|
|  | 2010      | 2009      |
| Cost and Net Book Value                |           |           |
| At 1 January and 31 December           | <u>10</u> | <u>10</u> |

The directors believe that the book value of the investment is not less than the underlying net assets.

The investment represents the purchase of 100% of the issued ordinary shares in Cheshire SPV Limited, a company which has been set up for the sole purpose of providing, under a PFI agreement, the construction and maintenance of Cheshire Police Headquarters. Cheshire SPV Limited was incorporated in Scotland.

Cheshire SPV (Holdings) Ltd has granted a deed of pledge to Bank of Scotland Branch Nominees Limited over the shares it holds in Cheshire SPV Limited. This is a standard arrangement in PFI contracts. Unless there is an event of default which is continuing Cheshire SPV (Holdings) Ltd ultimately has 100% of the voting and the general rights and powers attached to the shares. No continuing event of default has occurred nor is expected to occur. This deed of pledge lasts until all liabilities under the finance documents have been discharged.

Cheshire SPV (Holdings) Ltd has pledged to keep Bank of Scotland Branch Nominees Limited indemnified from and against all losses, costs (to be reasonably incurred), charges, claims, proceedings, liabilities, expenses or demands suffered, incurred or made by Bank of Scotland Branch Nominees in connection with the Deed of Pledge.

### 6 Debtors

|   | 2010         | 2009         |
|---|--------------|--------------|
| <b>Due after more than one year</b>           |              |              |
| Amounts due by fellow subsidiary undertakings | <u>1,613</u> | <u>1,522</u> |
|   | <u>1,613</u> | <u>1,522</u> |

*Amounts due by fellow subsidiary undertakings*

This represents unsecured subordinated loan notes provided to Cheshire SPV Limited that are interest bearing, with interest calculated at a rate agreed between all parties. This loan will be repaid semi-annually until the end of the concession period.

# Cheshire SPV (Holdings) Limited

## Notes to the financial statements for the year ended 31 December 2010

Amounts in thousands of pounds

|   |             |             |
|---|-------------|-------------|
| <b>7 Debtors</b>                              | <b>2010</b> | <b>2009</b> |
| <b>Due within one year</b>                    |             |             |
| Amounts due by fellow subsidiary undertakings | <u>412</u>  | <u>525</u>  |
|   | <u>412</u>  | <u>525</u>  |

*Amounts due by fellow subsidiary undertakings*

This represents unsecured subordinated loan repayment of £10 thousand (2009: £127 thousand) and unsecured subordinated loan interest receivable of £402 thousand (2009: £398 thousand) due from Cheshire SPV Limited - for financing in the normal course of business. The interest receivable on the unsecured subordinated loan is calculated at a rate agreed between all parties.

|                                     |             |             |
|-------------------------------------|-------------|-------------|
| <b>8 Creditors</b>                  | <b>2010</b> | <b>2009</b> |
| <b>Due within one year</b>          |             |             |
| Amounts due to fellow group company | <u>412</u>  | <u>525</u>  |
|                                     | <u>412</u>  | <u>525</u>  |

*Amounts due to fellow group company*

This represents unsecured subordinated loan repayment of £nil (2009: £127 thousand) and unsecured subordinated loan interest payable of £299 thousand (2009: £299 thousand) due to BAM PPP Finance Limited, unsecured subordinated loan repayment of £10 thousand (2009: £nil) and unsecured subordinated loan interest payable of £103 thousand (2009: £99 thousand) due to BAM PPP Financing Limited - for financing in the normal course of business. The interest payable on the unsecured subordinated loan is calculated at a rate agreed between all parties.

|  |              |              |
|--|--------------|--------------|
| <b>9 Creditors</b>                                       | <b>2010</b>  | <b>2009</b>  |
| <b>Due after more than one year</b>                      |              |              |
| Amounts due to parent and fellow subsidiary undertakings | <u>1,613</u> | <u>1,522</u> |
|  | <u>1,613</u> | <u>1,522</u> |

*Amounts due to parent and fellow subsidiary undertakings*

This represents unsecured subordinated loan notes provided by BAM PPP Financing Limited as part of the project agreement. This loan is interest bearing and interest is calculated at a rate agreed between all parties. This loan will be repaid semi-annually until the end of the concession period.

On 31 July 2009 the total subordinated loan notes provided by BAM PPP Finance Limited of £1,649 thousand were transferred to BAM PPP Financing Limited.

### Maturity of debt

|   |              |              |
|---|--------------|--------------|
|   | <b>2010</b>  | <b>2009</b>  |
| <b>Amounts due to parent and fellow subsidiary undertakings</b>         |              |              |
| In one year or less, or on demand                                       | 10           | 127          |
| In more than one year, but not more than two years                      | 12           | 119          |
| In more than two years, but not more than five years                    | 46           | 317          |
| In more than five years   | <u>1,555</u> | <u>1,086</u> |
|   | <u>1,623</u> | <u>1,649</u> |
| Less: included in debtors: amounts falling due within one year - note 7 | <u>(10)</u>  | <u>(127)</u> |
|   | <u>1,613</u> | <u>1,522</u> |

# Cheshire SPV (Holdings) Limited

## Notes to the financial statements for the year ended 31 December 2010

Amounts in thousands of pounds

### 10 Called up share capital

|                                     | 2010      | 2009      |
|-------------------------------------|-----------|-----------|
| Authorised:                         |           |           |
| 50,000 ordinary shares of £1 each   | <u>50</u> | <u>50</u> |
| Allotted, called up and fully paid: |           |           |
| 10,000 ordinary shares of £1 each   | <u>10</u> | <u>10</u> |

### 11 Reconciliation of total shareholders' funds and movements on reserves

|                             | Share capital | Profit and loss account | 2010<br>Total<br>shareholders'<br>funds | 2009<br>Total<br>shareholders'<br>funds |
|-----------------------------|---------------|-------------------------|---|---|
| Opening shareholders' funds | <u>10</u>     | -                       | <u>10</u>                               | <u>10</u>                               |
| Closing shareholders' funds | <u>10</u>     | -                       | <u>10</u>                               | <u>10</u>                               |

### 12 Related party transactions

The company has taken advantage of the exemptions of FRS 8 not to disclose details of transactions between wholly owned undertakings of the Royal BAM Group nv which prepares consolidated financial statements.

### 13 Contingent liabilities

The various rights on termination of the Project Agreement are typical and standard for a PFI deal of this nature and are as per the project and finance agreements in place with all counterparties. There are no circumstances as at 31 December 2010 where these rights are expected to be enforced.

### 14 Securities

Cheshire SPV (Holdings) Limited is a party to the credit agreement between Cheshire SPV Limited and Bank of Scotland however all committed funds within this agreement are only available to Cheshire SPV Limited. The loans within Cheshire SPV Limited are secured under a first ranking fixed and floating charge over the assets, rights and income.

### 15 Ultimate parent undertaking

The ultimate parent undertaking and controlling party is Royal BAM Group nv, a company incorporated in The Netherlands. The group accounts of the ultimate parent undertaking (the largest group of which the company is a member and for which group accounts are prepared) are available from the company's registered office at Runnenburg 9, 3981 AZ Bunnik, Postbus 20, 3980 CA Bunnik, The Netherlands.

The immediate parent undertaking is BAM PFI Investments bv, a company incorporated in The Netherlands. The smallest group of which the company is a member where consolidated accounts are prepared is BAM PPP Concessies bv (formerly BAM PPP bv). The accounts for BAM PPP Concessies bv are available from the company's registered office at Runnenburg 9, 3981 AZ Bunnik, Postbus 20, 3980 CA Bunnik, The Netherlands.