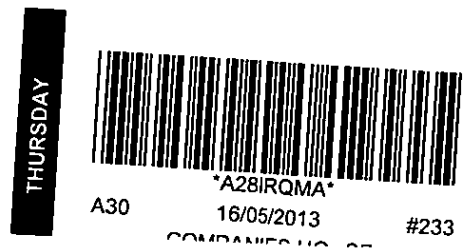


EDUCATION SUPPORT (NEWHAM) HOLDINGS LIMITED

**DIRECTORS' REPORT
AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2012**



Registered Number 4420844

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

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DIRECTORS AND ADVISORS

Directors

M Baybutt

K Shah (appointed 28 September 2012)

A M Bell (resigned 28 September 2012)

Company secretary and registered office

M B Lewis

1 Kingsway

London

WC2B 6AN

Auditor

Deloitte LLP

Chartered Accountants

London

Principal bankers

Commerzbank AG

London Branch, P O Box 52715

30 Gresham Street

London

EC2P 2XY

DIRECTORS' REPORT

The Directors submit their Annual Report and the audited financial statements for the year ended 31 December 2012

The Directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption

The Company is a wholly owned subsidiary of Palio (No 18) Ltd, which in turn is wholly owned by JLIF Limited Partnership, the limited partner of which is JLIF LuxCo Sàrl. The limited partner is a wholly owned subsidiary of John Laing Infrastructure Fund Limited

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The principal activity of the Company is to act as the holding company of Education Support (Newham) Limited, which has entered into a PFI contract to design, build and operate three schools for the London Borough of Newham

There have not been any significant changes in the Company's principal activities in the year under review. The Directors are not aware, at the date of this report, of any major changes in the Company's activities in the next year

GOING CONCERN

The Directors have considered the use of the going concern basis in the preparation of the financial statements in light of current market conditions and concluded that it is appropriate. More information is provided in note 1 to the financial statements

FUTURE DEVELOPMENTS

The Company's subsidiary undertaking, Education Support (Newham) Limited, will continue to finance and operate the schools until the end of August 2029

PRINCIPAL RISKS AND UNCERTAINTIES

The Company's exposure is limited to the extent of the investment it has made in its subsidiary undertaking, Education Support (Newham) Limited

FINANCIAL RISK MANAGEMENT

Due to the nature of the Company's business and the assets and liabilities contained within the Company's balance sheet the Directors consider that all significant risk has been transferred out

AUDITORS

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

- as far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the 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 auditor is aware of that information

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

A resolution to reappoint Deloitte LLP as auditors will be proposed at the forthcoming Annual General Meeting

DIRECTORS' REPORT (continued)

DIRECTORS

The Directors who served throughout the year, except as noted, are shown on page 1

EMPLOYEES

Details of the number of employees and related costs can be found in note 4 to the financial statements on page 9

On behalf of the Board



M Baybutt
Director
21 April 2013

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 year. 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, 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EDUCATION SUPPORT (NEWHAM) HOLDINGS LIMITED

We have audited the financial statements of Education Support (Newham) Holdings Limited for the year ended 31 December 2012 which comprise the profit and loss account, the balance sheet and the related notes 1 to 14. 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 explained more fully in the Directors' Responsibilities Statement, 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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies in the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2012 and of its result 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, or
- the Directors were not entitled to take advantage of the small companies exemption in preparing the Directors' Report.



Jacqueline Holden FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
29 April 2013

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2012

| | Notes | 2012 £'000 | 2011 £'000 |
|---|-------|---------------|---------------|
| Interest receivable | 5 | 141 | 171 |
| Interest payable | 5 | (141) | (171) |
| Net interest | 5 | - | - |
| Results on ordinary activities before taxation | | - | - |
| Tax on results on ordinary activities | 6 | - | - |
| Results for the financial year | 11 | - | - |

A reconciliation of movements in shareholder's funds is given in note 11

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

There is no material difference between the results stated in the profit and loss account and their historical cost equivalents

All gains and losses are recognised in the profit and loss account in both the current and preceding year, and therefore no separate statement of total recognised gains and losses has been presented

EDUCATION SUPPORT (NEWHAM) HOLDINGS LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2012

| | Notes | 2012 £'000 | 2011 £'000 |
|--|-------|---------------|---------------|
| Fixed assets | | | |
| Investments | 7 | 1 | 1 |
| Current assets | | | |
| Debtors | | 1,170 | 1,316 |
| - due within one year | 8 | 149 | 137 |
| - due after more than one year | 8 | 1,021 | 1,179 |
| Current liabilities | | | |
| Creditors amounts falling due within one year | 9 | (149) | (137) |
| Net current assets | | <u>1,021</u> | <u>1,179</u> |
| Total assets less current liabilities | | 1,022 | 1,180 |
| Creditors: amounts falling due after more than one year | 9 | (1,021) | (1,179) |
| Net assets | | <u>1</u> | <u>1</u> |
| Capital and reserves | | | |
| Called up share capital | 10 | 1 | 1 |
| Shareholder's funds | 11 | <u>1</u> | <u>1</u> |

The financial statements of Education Support (Newham) Holdings Limited, registered number 4420844, were approved by the Board of Directors and authorised for issue on 29 April 2013. They were signed on its behalf by



M Baybutt
 Director
 29 April 2013

Notes to the financial statements for the year ended 31 December 2012

1 ACCOUNTING POLICIES

a) Basis of preparation of accounts

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom law and accounting standards. A summary of the principal accounting policies adopted by the Directors, which have been applied consistently throughout the current and preceding year, is shown below.

The Company is a wholly owned subsidiary undertaking of John Laing Infrastructure Fund Limited and as such is exempt under FRS1 (revised 1996) from the requirement to prepare its own cash flow statement.

As a wholly owned subsidiary undertaking, the Company is also exempt under section 400 of the Companies Act 2006 from any requirement to prepare consolidated financial statements for its group. Accordingly, the financial statements present information about the Company as an individual undertaking, and the results of its subsidiary are reflected in these accounts only to the extent that dividends have been declared.

The Company exists to hold investments in its subsidiary that provides services under certain private finance agreements. The subsidiary is set up as a Special Purpose Company under non-recourse arrangements and therefore the Company has limited its exposure to the liabilities. In the event of default of the subsidiary, the exposure is limited to the extent of the investment it has made. Having reviewed the Company's investment portfolio including the associated future cash requirements and forecast receipts, the Directors are satisfied that they have a reasonable expectation that the Company will have access to adequate resources to continue in existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

b) Investments

Fixed asset investments are shown at cost less provision for impairment. Income from investments is included in the profit and loss account as declared.

c) Taxation

Current tax, including United Kingdom Corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

In accordance with FRS19 'Deferred Tax', deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured at the average tax rates that are expected to apply in the period in which the timing differences are expected to reverse, based on the tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are not discounted.

EDUCATION SUPPORT (NEWHAM) HOLDINGS LIMITED

Notes to the financial statements for the year ended 31 December 2012 (continued)

2 PROFIT AND LOSS ACCOUNT

The Company made neither profit nor loss during the year, nor any other recognised gain or loss (2011 - £nil)

Fees payable to the Company's auditor for the audit of the Company's annual accounts of £2,575 (2011 - £2,500) have been borne by the Company's wholly owned subsidiary undertaking Education Support (Newham) Limited

3 DIRECTORS' REMUNERATION

No Directors received any remuneration for services to the Company during the current or prior year. The Company is managed by secondees from the shareholders under a management services contract.

4 STAFF NUMBERS

The Company had no employees during the year (2011 - nil)

5 NET INTEREST

| | 2012 £'000 | 2011 £'000 |
|--|---------------|---------------|
| Interest receivable and similar income | | |
| Interest receivable on amounts due from subsidiary undertaking | 141 | 171 |
| | 141 | 171 |
| Interest payable and similar charges | | |
| Interest payable to group undertaking | (141) | (171) |
| | (141) | (171) |
| Net interest | - | - |

6 TAX ON RESULTS ON ORDINARY ACTIVITIES

The Company has no tax charge for the year (2011 - £nil)

7 INVESTMENTS

| | Shares in group undertaking £'000 |
|-----------------------|--|
| Cost | |
| At 1 January 2012 | 1 |
| At 31 December 2012 | 1 |
| Net book value | |
| At 31 December 2012 | 1 |
| At 31 December 2011 | 1 |

The sole investment is 100% equity investment in Education Support (Newham) Limited, which is incorporated in Great Britain and registered in England and Wales and its principal activity is to design, build, finance and operate schools in accordance with an agreement with the London Borough of Newham.

In the opinion of the Directors the value of the investment in subsidiary undertaking is not less than the amount stated in the balance sheet.

EDUCATION SUPPORT (NEWHAM) HOLDINGS LIMITED

Notes to the financial statements for the year ended 31 December 2012 (continued)

8 DEBTORS

| | 2012 £'000 | 2011 £'000 |
|--|---------------|---------------|
| Due within one year | | |
| Amounts owed by subsidiary undertaking | 149 | 137 |
| | <u>149</u> | <u>137</u> |
| Due after more than one year | | |
| Amounts owed by subsidiary undertaking | 1,021 | 1,179 |
| | <u>1,021</u> | <u>1,179</u> |

The amount owed by subsidiary undertaking in the current and prior year is repayable in line with repayments schedules
Interest is charged at agreed arms length interest rates of 12%

9 CREDITORS

| | 2012 £'000 | 2011 £'000 |
|---|---------------|---------------|
| Amounts falling due within one year | | |
| Amounts owed to group undertakings | 149 | 137 |
| | <u>149</u> | <u>137</u> |
| Amounts falling due after more than one year | | |
| Amounts owed to group undertakings | 1,021 | 1,179 |
| | <u>1,021</u> | <u>1,179</u> |
| Analysis of debt: | | |
| Debt can be analysed as falling due | | |
| In one year or less | 68 | 57 |
| Between one and two years | 82 | 68 |
| Between two and five years | 166 | 231 |
| In five years or more | 773 | 880 |
| | <u>1,089</u> | <u>1,236</u> |

The unsecured loan notes of £1,089,021 (2011 - £1,236,240) were issued by the shareholders as part of the committed shareholder funding for the project. The loan notes are due for repayment by 2028 and incur interest of 12% per annum.

10 CALLED UP SHARE CAPITAL

| | 2012 £'000 | 2011 £'000 |
|---|---------------|---------------|
| Allotted, called up to 2p each and fully paid. | | |
| 50,000 ordinary shares of £1 each | 1 | 1 |
| | <u>1</u> | <u>1</u> |

11 RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

| | 2012 £'000 | 2011 £'000 |
|-----------------------------|---------------|---------------|
| Opening shareholder's funds | 1 | 1 |
| Closing shareholder's funds | <u>1</u> | <u>1</u> |

Notes to the financial statements for the year ended 31 December 2012 (continued)

12 TRANSACTIONS WITH RELATED PARTIES

As a wholly owned subsidiary of the John Laing Infrastructure Fund, the Company has taken advantage of the exemption under Financial Reporting Standard 8 not to provide information on related party transactions with other undertakings within the John Laing Infrastructure Fund Limited Group

13 ULTIMATE PARENT UNDERTAKING

The Company's immediate parent company is Palio (No 18) Limited, a company incorporated in Great Britain

The smallest and largest group in which its results are consolidated is John Laing Infrastructure Fund Limited, a company incorporated and registered in Guernsey Copies of the consolidated accounts of John Laing Infrastructure Fund Limited are available from the Company's website www.jlif.com

The Company's ultimate parent and controlling entity is John Laing Infrastructure Fund Limited, a company incorporated in Guernsey

14 FINANCIAL COMMITMENTS

At 31 December 2012 and 31 December 2011, the Company had a charge over its shareholding in Education Support (Newham) Limited, together with a fixed and floating charge over all the assets of the Company, with Commerzbank AG (acting as Security Trustee for itself and the other Finance Parties) to secure all present and future obligations and liabilities of Education Support (Newham) Limited under the Finance Documents of the Finance Parties