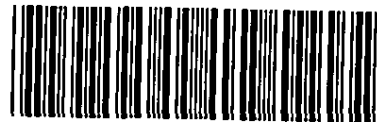


EDUCATION SUPPORT (ENFIELD 2) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

Registered Number. 4420821

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DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

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DIRECTORS AND ADVISORS

Directors

A J Ballisdon

T N Gner

J M Linney (resigned 19/02/2008)

N Smith (resigned 01/12/2007)

S A Yazdabadi

M J Mercer-Deadman (appointed 01/12/2007)

Company secretary and registered office

R K Miller

Allington House

150 Victoria Street

London SW1E 5LB

Auditors

Deloitte & Touche LLP

Chartered Accountants

London

Principal bankers

Dresdner Bank AG

London Branch

PO Box 52715

30 Gresham Street

London

EC2P 2XY

Solicitors

CMS Cameron McKenna LLP

Mitre House

160 Aldersgate Street

London

EC14 4DD

DIRECTORS' REPORT

The Directors submit their annual report and the audited financial statements for the year ended 31 December 2007

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The Company is a wholly owned subsidiary of Education Support (Enfield 2) Holdings Limited, which in turn is owned by John Laing Social Infrastructure Limited (80%) and Wates PFI Investments Projects Limited (20%)

The principal activity of the Company is the design, build and operation of 3 schools for a Local Authority under a Private Finance Initiative agreement

Financial close was achieved on 24 September 2003. The concession period is 26 years. The completion certificate for the initial construction works was received on 21 July 2005.

Via Education Support (Enfield 2) Holdings Limited, John Laing Social Infrastructure Limited and Wates Construction Limited invested £1,000 share capital in September 2003 and £2,354,000 subordinated debt on 31 August 2005.

The construction of the schools was completed in July 2005, and the schools are now all operational. The Company will operate the schools until the end of concession on 31 August 2029.

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.

FUTURE DEVELOPMENTS

The Company will continue to finance and operate the schools until the end of August 2029.

KEY PERFORMANCE INDICATORS

The key performance indicator for the Company is the level of performance and unavailability deductions levied by the client, since this reflects the quality of service being provided. During the period, the Company suffered average monthly deductions of 3.42% (2006 - 7.8%) as a percentage of total unitary income.

RESULTS AND DIVIDENDS

The loss for the year before taxation amounted to £88,000 (2006 loss - £175,000). After a tax credit of £19,000 (2006 tax credit - £55,000), loss for the year was £69,000 (2006 loss - £120,000).

The Directors do not recommend the payment of a dividend (2006 - £nil).

PRINCIPAL RISKS AND UNCERTAINTIES

The Company is exposed to interest rate risk which is managed through the use of interest rate swaps, details of which are set out in note 10 to the financial statements.

The other principal risk is that maintenance costs exceed those forecast in the financial model agreed at financial close. This risk is mitigated by regular management review of actual expenditure against budget and technical evaluations of the physical condition of the buildings.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO 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 auditors are 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 auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of S234ZA of the Companies Act 1985.

DIRECTORS

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

DIRECTORS' REPORT (continued)

DIRECTORS' INTERESTS

No Director held any interest in the shares of the Company, or had any personal interest in any significant or material contract with the Company, during the year ended 31 December 2007

At 1 January and 31 December 2007 no Director had any interest in the share capital of Henderson Infrastructure Holdco (Jersey) Limited, the Company's ultimate parent undertaking

No Director had any interest in the shares of any other group Company requiring disclosure

EMPLOYEES

Details of the number of employees and related costs can be found in note 5 to the financial statements on page 10

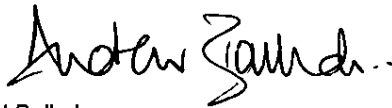
PAYMENT TO CREDITORS

The Company's policy, which is also applied by the group, is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by these terms of payment. Trade creditors at 31 December 2007 were equivalent to 46 days (2006 - 99 days), based on the average daily amount invoiced by suppliers during the year

AUDITORS

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

On behalf of the Board



A J Ballsdon
Director
07 March 2008

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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). The financial statements are required by law to 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 estimates that are reasonable and prudent,
- state whether applicable UK accounting standards have been followed, 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 proper accounting records that 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 1985. 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 AUDITORS' REPORT TO THE MEMBERS OF EDUCATION SUPPORT (ENFIELD 2) LIMITED

We have audited the financial statements of Education Support (Enfield 2) Limited for the year ended 31 December 2007 which comprise the profit and loss account, the balance sheet, cashflow statement and the related notes 1 to 18. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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

The Directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2007 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

Deloitte & Touche LLP
Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
London
07 March 2008

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2007

	Notes	2007 £'000	2006 £'000
Turnover	2	1,530	1,279
Cost of sales		(1,571)	(1,326)
Operating loss	3	<u>(41)</u>	<u>(47)</u>
Net interest payable	6	(47)	(128)
Loss on ordinary activities before taxation		<u>(88)</u>	<u>(175)</u>
Tax on loss on ordinary activities	7	19	55
Retained loss for the year transferred from reserves	13	<u>(69)</u>	<u>(120)</u>

A reconciliation of movements in equity shareholders' deficit is given in note 14

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 (ENFIELD 2) LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2007

	Notes	2007 £'000	2006 £'000
Current assets			
Debtors		32,103	32,961
- due within one year	8	1,753	1,886
- due after more than one year	8	30,350	31,075
Cash at bank and in hand		1,673	1,565
		<u>33,776</u>	<u>34,526</u>
Current liabilities			
Creditors amounts falling due within one year	9	(5,780)	(5,042)
Net current assets		<u>27,996</u>	<u>29,484</u>
Total assets less current liabilities		27,996	29,484
Creditors: amounts falling due after more than one year	9	(28,088)	(29,507)
Net liabilities		<u>(92)</u>	<u>(23)</u>
Capital and reserves			
Called up share capital	12	1	1
Profit and loss account	13	(93)	(24)
Equity shareholders' deficit	14	<u>(92)</u>	<u>(23)</u>

The financial statements were approved by the Board of Directors on 7 March 2008 and were signed on its behalf by



A J Ballsdon
Director
07 March 2008

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2007

	Notes	2007 £'000	2006 £'000
Net cash inflow from operating activities	16	3,074	2,705
Returns on investments and servicing of finance			
Interest received		80	67
Interest and other financing costs paid		(1,761)	(1,925)
Net cash outflow from returns on investments and servicing of finance		<u>(1,681)</u>	<u>(1,858)</u>
Net cash inflow before use of liquid resources and financing		1,393	847
Financing			
Loan repayments		(1,285)	(1,792)
Net cash outflow from financing		<u>(1,285)</u>	<u>(1,792)</u>
Increase/(decrease) in cash in the year	17	<u>108</u>	<u>(945)</u>
Reconciliation to net debt			
Net debt at 1 January		(29,194)	(30,018)
Increase/(Decrease) in cash in the year		108	(945)
Movement in borrowings		1,285	1,792
Other non-cash changes		(22)	(23)
Net debt at 31 December	17	<u>(27,823)</u>	<u>(29,194)</u>

Notes to the financial statements for the year ended 31 December 2007

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.

b) Turnover

Turnover is recognised so as to spread the total profit expected to be earned on the PFI contract equally over the life of the project.

Turnover is net of VAT and is entirely derived in the United Kingdom.

c) Finance debtor

The Company is an operator under a PFI contract. Under the terms of the contract, substantially all the risks and rewards of ownership of the property asset remain with the London Borough of Enfield. The underlying asset is therefore not a fixed asset of the Company under FRS 5 Application Note F and SSAP 21.

d) Finance debtor and income recognition

During the construction phase of the project, all attributable expenditure including finance costs is included in amounts recoverable on contracts and turnover. Upon the asset becoming operational, the costs are transferred to the finance debtor. During the operational phase, income is allocated between interest receivable and turnover using a constant operating margin on costs. The remainder of the PFI income will be allocated to the finance debtor. All turnover is derived entirely in the United Kingdom and is net of VAT.

In 2007 amounts invoiced in line with the Project Agreement was £4,383,000 (2006 - £4,614,000). Variations invoiced amounted to £5,000 (2006 - £51,000).

e) Construction period interest

Interest costs on borrowings used to fund the construction of the schools are added to amounts recoverable on contracts during the construction period. This treatment ceases on commissioning.

f) Operating costs

Operating costs are added to amounts recoverable on contracts during the construction period. Following commissioning, regular operating and maintenance costs and Education Support (Enfield 2) Limited central costs will be expensed to the profit and loss account as incurred.

g) Interest payable

Interest costs on borrowings are added to amounts recoverable on contracts during the construction phase of the contract, and then written off to the profit and loss account over the period of concession as incurred.

h) 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 FRS 19 '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 (ENFIELD 2) LIMITED

Notes to the financial statements for the year ended 31 December 2007 (continued)

2 TURNOVER

	2007	2006
	£'000	£'000
Turnover in the year is analysed as follows		
Concession unitary income	<u>1,530</u>	<u>1,279</u>
	<u>1,530</u>	<u>1,279</u>

3 OPERATING LOSS

	2007	2006
	£'000	£'000

Operating loss is stated after charging

Fees payable to the Company's auditors for the audit of the Company's annual accounts	<u>10</u>	<u>10</u>
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Operating profit is stated after charging

	2007	2006
	£'000	£'000
Construction costs	-	-
Operating and Maintenance costs	1,398	1,025
Other Operating costs	<u>164</u>	<u>287</u>

4 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.

5 STAFF NUMBERS

The Company had no employees during the year (2006 - nil)

6 NET INTEREST PAYABLE

	2007	2006
	£'000	£'000
Interest receivable and similar income		
Interest receivable on finance debtor	1,887	1,927
Interest receivable on bank deposits	<u>80</u>	<u>68</u>
	<u>1,967</u>	<u>1,995</u>
Interest payable and similar charges		
Interest payable on bank loans and overdrafts	(1,735)	(1,831)
Amortised debt issue costs	(22)	(23)
Commitment fee on undrawn loan facility	(1)	(2)
Interest payable to parent undertakings	<u>(256)</u>	<u>(267)</u>
	<u>(2,014)</u>	<u>(2,123)</u>
Net interest payable	<u>(47)</u>	<u>(128)</u>

Notes to the financial statements for the year ended 31 December 2007 (continued)

7 TAX ON LOSS ON ORDINARY ACTIVITIES

	2007 £'000	2006 £'000
<u>Analysis of credit for the year</u>		
Current tax		
- UK corporation tax	-	-
Total current tax	-	-
Deferred tax	24	55
Prior year adjustments	(5)	-
Total deferred tax	19	55
Total tax credit on profit on ordinary activities	19	55

Factors affecting the tax credit for the current year

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax are as follows

	2007 £'000	2006 £'000
Loss on ordinary activities before tax	(88)	(175)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2006 - 30%)	26	53
Effects of:		
Origination and reversal of timing differences	-	2
Tax losses recognised for deferred tax purposes	(26)	(55)
Total current tax charge for the year	-	-

	2007 £'000	2006 £'000
Deferred Tax		
Timing difference, origination and reversal	26	55
Decrease in tax rate	(2)	-
Prior year adjustment - decrease in tax rate	(5)	-
Total deferred tax	19	-
Total tax credit for the year	19	-

8 DEBTORS

	2007 £'000	2006 £'000
<u>Due within one year</u>		
Finance debtor	726	684
Trade debtors	546	689
Amounts due from fellow subsidiary undertakings	-	51
Deferred tax asset	72	53
Prepayments and accrued income	409	409
	1,753	1,886
<u>Due after more than one year</u>		
Finance debtor	30,350	31,075
	30,350	31,075

The finance debtor includes cumulative net interest costs of £1,412,000 (2006 - £1,443,000)

Notes to the financial statements for the year ended 31 December 2007 (continued)

9 CREDITORS

	2007 £'000	2006 £'000
Amounts falling due within one year		
Bank loans and sub debt (note 10)	1,299	1,220
Less unamortised debt issue costs	(21)	(22)
Amounts owed to shareholders	130	55
Amounts owed to fellow subsidiary undertakings	197	360
VAT	131	127
Other creditors	2,651	2,024
Accruals and deferred income	1,393	1,278
	5,780	5,042
Amounts falling due after more than one year		
Bank loans and sub debt (note 10)	26,275	27,640
Less unamortised debt issue costs	(196)	(217)
Amounts owed to shareholders	2,009	2,084
	28,088	29,507
Analysis of debt:		
Debt can be analysed as falling due		
In one year or less	1,428	1,275
Between one and two years	1,468	1,287
Between two and five years	4,316	4,000
In five years or more	22,500	24,437
	29,712	30,999
Less unamortised debt issue costs	(217)	(239)
	29,495	30,760

10 LOANS

The Company has the facilities shown below provided by Dresdner Bank in order to finance the construction of the project. The loans are repayable in instalments based on an agreed percentage amount of the total facilities per annum over a certain number of years as shown below.

Interest on the facilities is charged at a certain margin, as shown below, over and above the Interbank Rate plus a Mandatory Costs Rate. The Company has entered into fixed interest rate swaps to mitigate its interest exposure which have a negative fair value at 31 December 2007 of £78,230 (2006 - £283,417).

The loan is secured by a fixed and floating charge over all the assets of the Company and a charge over the shares of the Company. The interest rate is fixed for the life of the loan.

Facility type	Total amount of facility £'000	Amount drawn-down at 31 December 2007 £'000	Repayment period (Years)	Margin during construction	Margin during operation
Senior Term	28,569	25,780	21.2	1.05%	0.90% to 1.00%
Change of Law	278	-	21.2	1.05%	0.90% to 1.00%
Junior	1,967	1,795	21.2	3.50%	3.25%

In August 2005 the Company issued £2,354,000 sub debt to its shareholders. The sub debt is subject to interest at 12% per annum, and is repayable by instalments from surplus funds by 2029. The funds raised were used to repay the £2,354,000 Equity Bridge Loan on 31 August 2005.

Notes to the financial statements for the year ended 31 December 2007 (continued)

11 CAPITAL COMMITMENTS, CONTINGENT LIABILITIES AND FINANCIAL COMMITMENTS

At 31 December 2007, the Company is committed to a remaining amount of £12,484,000 (2006 - £13,536,000) payable to John Laing Integrated Services Limited, a fellow group undertaking, under the Facilities Provision Contract dated 24 September 2003 relating to the Schools PFI Project in the London Borough of Enfield between Education Support (Enfield 2) Limited and John Laing Integrated Services Limited

12 CALLED UP SHARE CAPITAL

	2007	2006
	No.	No
Authorised:		
Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>
	£'000	£'000
Allotted, called up and partly paid:		
50,000 ordinary shares of £1 each paid to 2p each	<u>1</u>	<u>1</u>

13 MOVEMENT IN RESERVES

	Profit and loss account £'000
At 1 January 2007	(24)
Loss for the year	(69)
At 31 December 2007	<u>(93)</u>

14 RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' DEFICIT

	2007	2006
	£'000	£'000
Opening shareholders' (deficit)/surplus	(23)	96
Loss for the financial year	(69)	(120)
Closing shareholders' deficit	<u>(92)</u>	<u>(24)</u>

Notes to the financial statements for the year ended 31 December 2007 (continued)

15 TRANSACTIONS WITH RELATED PARTIES

The Company had the following related party transactions during the year	2007	2006
	£'000	£'000
Fellow group undertakings		
John Laing Integrated Services Limited		
- Operating costs	(1,052)	(960)
- Other costs recharged	(73)	-
- Balance payable at 31 December	(141)	(100)
- Third party income	61	30
- Recharge of legal costs	134	7
- Pass through of deductions levied by client	141	141
- Balance receivable at 31 December	-	51
Laing Investments Management Services Limited		
- Company concession overheads	(118)	(146)
- Third party costs recharged	(266)	(57)
- Balance payable at 31 December	(56)	(67)

16 RECONCILIATION OF OPERATING LOSS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2007	2006
	£'000	£'000
Operating loss	(41)	(47)
Decrease/(increase) in debtors	876	(109)
Increase in creditors	2,239	2,904
Tax paid	-	(43)
Net cash inflow from operating activities	<u>3,074</u>	<u>2,705</u>

17 RECONCILIATION OF MOVEMENT IN NET DEBT

	At 1 January 2007 £'000	Cash flow £'000	Other non- cash changes £'000	At 31 December 2007 £'000
Cash in hand and at bank	1,565	108	-	1,673
Debt due within one year	(1,251)	1,275	(1,429)	(1,405)
Debt due after one year	(29,508)	10	1,407	(28,091)
Net debt	<u>(29,194)</u>	<u>1,393</u>	<u>(22)</u>	<u>(27,823)</u>

Notes to the financial statements for the year ended 31 December 2007 (continued)

18 ULTIMATE PARENT UNDERTAKING

The Company's immediate parent company is Education Support (Enfield 2) Holdings Limited, a company incorporated in Great Britain

The smallest group in which its results are consolidated is Henderson Infrastructure Holdco Limited, a company incorporated in Great Britain and registered in England and Wales. The largest group in which its results are consolidated is Henderson Infrastructure Holdco (UK) Limited, a company incorporated in Great Britain and registered in England and Wales. Copies of the consolidated accounts are available from Companies House, Crown Way, Cardiff CF14 3UZ.

The Company's ultimate parent and controlling entity is Henderson Infrastructure Holdco (Jersey) Limited, a company incorporated in Jersey, Channel Islands.