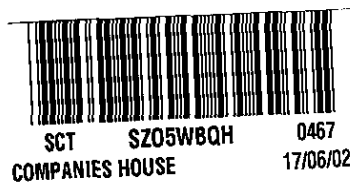


**Robertson Education (Aberdeenshire) Holdings
Limited (formerly MM&S (2684) Limited)**

**Directors' report and consolidated
financial statements**

Registered number SC209010

31 December 2001



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Directors' report

The directors present their annual report and the audited financial statements for the period ended 31 December 2001.

Principal activity

Holding company of Robertson Education (Aberdeenshire) Limited.

The company was incorporated on 11 July 2000. The company changed its name from MM&S (2684) Limited to Robertson Education (Aberdeenshire) Holdings Limited on 30 August 2000. The company did not trade during the year.

Directors and directors' interests

The directors who held office during the period were as follows:

Vindex Limited	(resigned 14 December 2000)
Vindex Services Limited	(resigned 14 December 2000)
WG Robertson	(appointed 14 December 2000)
AD Darling	(appointed 7 March 2001)
JC Elliot	(appointed 7 March 2001)

None of the directors had any interest in the shares of the company as recorded in the register of directors' interests.

WG Robertson is a majority shareholder in Robertson Group (Scotland) Limited. His interests in the shares of that company are shown in the directors' report of that company. Robertson Group (Scotland) Limited received fees of £4,092 from the company during the period in respect of the services of WG Robertson as a director.

JC Elliot is a director of Quayle Munro Limited which is manager of the Quayle Munro PFI Fund Limited Partnership. Quayle Munro received fees of £4,092 from the company during the period in respect of the services of JC Elliot as a director.

AD Darling is a director of Uberior Infrastructure Investments Limited which is a subsidiary of Bank of Scotland. Bank of Scotland received fees of £4,092 from the company during the period in respect of the services of AD Darling as a director.

Auditors

Our auditors KPMG have indicated to the directors that their business is to transfer to a limited liability partnership, KPMG LLP. Accordingly, a resolution is to be proposed at the Annual General Meeting for the appointment of KPMG LLP as auditors of the company.

By order of the board



I Clark
Secretary

Aberdeen

23 May 2002

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and group and of the profit or loss for that period. In preparing those 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.



37 Albyn Place
Aberdeen
AB10 1JB
United Kingdom

Independent auditors' report to the members of Robertson Education (Aberdeenshire) Holdings Limited (formerly MM&S (2684) Limited)

We have audited the financial statements on pages 4 to 12.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices board, and by our profession's ethical guidance.

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, if in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the group is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards 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 of the state of the company and the group as at 31 December 2001 and of its profit of the group for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG
Chartered Accountants
Registered Auditors

30 May 2002

Consolidated profit and loss account
for the period ended 31 December 2001

	<i>Note</i>	11 July 2000 to 31 December 2001 £
Turnover	<i>1</i>	17,394,640
Cost of sales		
Operating expenses		(17,394,762)
Interest receivable for the period	<i>4</i>	6,492
Operating profit	<i>2</i>	6,370
Results from ordinary activities for the financial period	<i>13</i>	6,370

All gains and losses are recognised in the profit and loss account.

Consolidated balance sheet
at 31 December 2001

	<i>Note</i>	2001 £
Current assets		
Debtors: due within one year	7	524,560
Debtors: due after more than one year	7	17,394,640
		17,919,200
Creditors		
Amounts falling due within one year	8	(2,278,932)
		15,640,268
Total assets less current liabilities		
Creditors		
Amounts falling due after more than one year	9	(15,533,898)
		106,370
Net assets		
Capital and reserves		
Called up share capital	12	1,000
Share premium	13	99,000
Profit and loss account	13	6,370
		106,370
Equity shareholders' funds	13	106,370

These financial statements were approved by the board of directors on 23 May 2002 and were signed on its behalf by:

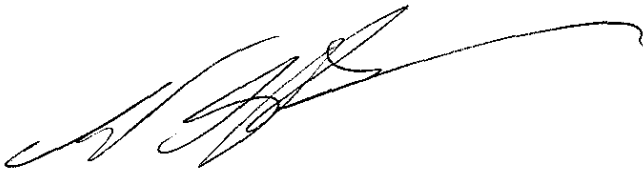


WG Robertson
Director

Company balance sheet
at 31 December 2001

	<i>Note</i>	2001 £
Current assets		
Investments	6	100,000
Capital and reserves		
Called up share capital	12	1,000
Share premium	13	99,000
Equity Shareholders' funds		100,000

These financial statements were approved by the board of directors on 23 May 2002 and were signed on its behalf by:



WG Robertson
Director

Consolidated cash flow

For the period ended 31 December 2001

	Notes	2001 £
Reconciliation of operating profit to operating cash flows		
Operating profit		6,370
Net interest for year		(6,492)
(Increase) in debtors and prepayments		(17,919,200)
Increase in accruals and creditors		17,357,297
Net cash outflow from operating activities		(562,025)
Cash flow statement		
Net cash outflow from operating activities		(562,025)
<i>Returns on investments and servicing of finance</i>		
Interest received		6,492
Financing	10	(555,533)
		100,000
Decrease in cash		(455,533)
Reconciliation of net cash flow to movement in net debt		
Decrease in cash in the period		(455,533)
Cash inflow from increase in loans and loan stock financing		(15,533,898)
Movement in net debt	11	(15,989,431)

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Basis of consolidation

The consolidated financial statements include the financial statements of Robertson Education (Aberdeenshire) Holdings Limited and its subsidiary undertaking, Robertson Education (Aberdeenshire) Limited.

In the Company's financial statements, the investment in the subsidiary undertaking is stated at cost.

Under section 230 (4) of the Companies Act 1985 the company is exempt from the requirement to present its own profit and loss account.

Taxation

The calculation of the charge for taxation takes into account taxation deferred because of timing differences in the treatment of certain items for taxation and accounting purposes. A deferred liability is recognised to the extent that it is expected to reverse in the foreseeable future.

Turnover

Based mainly on the risk associated with the project the company has applied Financial Reporting Standard 5 Application F. The construction costs of the education facilities including finance costs, are included in turnover over the period of construction, with the cumulative amount being included with debtors, initially as amounts recoverable on contracts.

2 Profit and loss account

Company

During the current financial period the company did not trade and received no income and incurred no expenditure. Consequently, during the period the company made neither a profit or a loss.

Group

11 July 2000
to 31 December 2001
£

Operating profit is stated

after charging

Auditors' remuneration:
Audit

6,000

Notes (continued)

3 Directors remuneration

The directors received remuneration of £12,277 from the company during the period.

4 Interest

11 July 2000
to 31 December
2001
£
6,492

Interest receivable from bank deposits

5 Taxation

Tax losses will be carried forward for use in future years. No deferred tax is provided as any liability would be covered by corporation tax losses.

6 Investments

Company
2001
£
100,000

Investment in subsidiary undertaking

7 Debtors

Group
2001
£

Amounts falling due within one year:
VAT recoverable

524,560

Amounts falling due after more than one year:
Amounts recoverable on contracts

17,394,640

Amounts recoverable on contracts represent payments due from the Aberdeenshire Council in respect of the Project Agreement. These payments are recoverable over the remaining life of the agreement starting from the date of operation.

8 Creditors: amounts falling due within one year

Group
2001
£

Accruals
Operating account

1,823,399
455,533

2,278,932

Notes (continued)

9 Creditors: amounts falling due after more than one year

	Group 2001 £
Senior debt	14,143,676
Subordinate debt	1,390,222
	15,533,898

Senior debt provided by Bank of Scotland under the Loan Agreement bears interest at 5.78% per annum under a swap agreement entered into by the company. This swap rate is fixed for the duration of the contract.

Subordinate debt provided by Robertson Group (Scotland) Limited (50%), Bank of Scotland (30%) and Quayle Munro PFI Fund Limited Partnership (20%) bears interest at 12% per annum.

10 Financing

	Group 2001 £
Issue of ordinary share capital	1,000
Share premium	99,000
	100,000

11 Analysis of changes in net debt

Group	2001 £	Movement £	2000 £
Cash at bank	(455,533)	(455,533)	-
Senior debt	(14,143,676)	(14,143,676)	-
Subordinate debt	(1,390,222)	(1,390,222)	-
	(15,989,431)	(15,989,431)	-

Notes (continued)

12 Called up share capital

	£
<i>Authorised share capital</i>	
As at 11 July 2000	
100 Ordinary shares of £1 each	100
As at 31 December 2001	
100,000 Ordinary shares of £0.01 each	1,000

On 7 March 2001, the 100 ordinary shares of £1 each were subdivided into 10,000 ordinary shares of £0.01 each. Furthermore on this day the authorised share capital of the company was increased to £1,000 divided into 100,000 ordinary shares of £0.01 each.

<i>Allotted, called up and fully paid</i>	
As at 11 July 2000	
Ordinary shares of £1 each unpaid	2
Issued/ called up during the year	
Ordinary shares of £0.01 each fully paid	998
As at 31 December 2001	
Ordinary shares of £0.01 each fully paid	1,000

On 14 December 2000 the 2 ordinary shares of £1 each unpaid were transferred from Vindex Services Limited and Vindex Limited to Robertson Group (Scotland) Limited.

The shareholding at 31 December 2001 is owned 50% Robertson Group (Scotland) Limited and 30% Uberior Investments plc and 20% Quayle Munro PFI Fund Limited Partnership.

13 Reconciliation of movements in shareholders' funds

<i>Group and company</i>	Profit and loss Account £	Share Capital £	Share Premium £	Total £
As at 11 July 2000	-	2	-	2
Results for the period	6,370	-	-	6,370
Issue of share capital	-	998	99,000	99,998
As at 31 December 2001	6,370	1,000	99,000	106,370

14 Commitments

Commitments at the end of the financial period amounted to £4,123,707.

Notes (continued)

15 Related parties

The main construction contract for the Aberdeenshire Schools PFI Project has been placed with Robertson Group (Construction) Limited, whose ultimate holding company is Robertson Group (Scotland) Limited, a 50% shareholder in the company.

The shareholding at 31 December 2001 is owned 50% Robertson Group (Scotland) Limited and 30% Uberior Investments plc/Bank of Scotland and 20% Quayle Munro PFI Fund Limited Partnership.

	Robertson Group (Scotland) Limited	Bank of Scotland	Quayle Munro PFI Fund Limited Partnership
	£	£	£
Expenditure:			
Operating costs	15,675,860	718,051	596,035
Balances outstanding at the end of the period:			
Senior debt	-	14,143,676	-
Subordinate debt	695,111	417,067	278,044
Accruals	1,127,471	72,893	5,053