

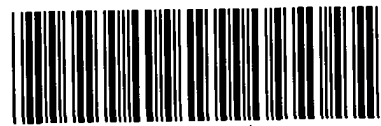
Company Registration No. 04317596

**PYRAMID SCHOOLS (TAMESIDE)
HOLDINGS LIMITED**

Annual Report and Financial Statements

For the year ended 31 March 2019

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PYRAMID SCHOOLS (TAMESIDE) HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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PYRAMID SCHOOLS (TAMESIDE) HOLDINGS LIMITED

OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

C R Field
C T Solley
M T Smith
J S Gordon
P K Johnstone

REGISTERED OFFICE

3rd Floor
3 – 5 Charlotte Street
Manchester
M1 4HB

BANKERS

Bank of Scotland
Client Banking England
11 Earl Grey Street
Edinburgh
EH3 9BN

AUDITOR

Deloitte LLP
Statutory Auditor
London
United Kingdom

PYRAMID SCHOOLS (TAMESIDE) HOLDINGS LIMITED

STRATEGIC REPORT

The directors present their strategic report on the group for the year ended 31 March 2019. These financial statements have been prepared under FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland”.

The group was formed to enter into a Private Finance Initiative (“PFI”) concession contract with the Tameside Metropolitan Borough Council to design, build, finance and operate three schools. The contract was signed in 19 June 2002, construction commenced immediately and full services started 1 April 2003. The contract will run until 31 August 2032.

The company was incorporated in Great Britain, registered in England and Wales and is domiciled in the United Kingdom and is the holding company of Pyramid Schools (Tameside) Limited (“Project Company”).

In the year the group made a profit of £0.7 million (2018: £0.8 million). The results were in line with the preceding year.

The group’s operations are managed under the supervision of its shareholders and funders and are largely determined by the detailed terms of the key performance indicators in the PFI contract with the Tameside Metropolitan Borough Council and the contracts with Interserve Project Services Limited (“IPSL”) who originally constructed the schools and Interserve (Facilities) Management Limited (“IFM”) who is the service provider throughout the life of the concession. For this reason, the company’s directors believe that no other key performance indicators apart from profit are necessary or appropriate for an understanding of the performance or position of the business. On the 22nd of December 2019 Pyramid Schools (Tameside) Holdings Limited, the management service provider to this company, changed its subcontractor from Interserve Investments Limited to Albany SPC Services Limited.

The PFI contract with the Authority and contracts with IPSL and IFM follow a set formula for the life of the contract and this enables the group to have a high degree of certainty over its net income and major expenses until 31 August 2032. Furthermore, the company has a Credit Agreement with its lender which fixes the level of borrowing and repayments due until the loan is fully repaid in 2029.

On the 15 March 2019 Interserve PLC, the parent company of Interserve (Facilities Management) Limited and Interserve Construction Limited, went into administration and these companies were sold to Interserve Group Limited a newly incorporated private company controlled by its lenders. Interserve (Facilities Management) Limited and Interserve Construction Limited to which the group has a contractual relationship to deliver services, are continuing business as usual within the newly formed Group of Interserve Group Limited. Interserve PLC was classed as a major project party under the Project Company’s Credit Agreement as it provides a parent company guarantee to the facilities management and building subcontractors. Under the Credit Agreement with the lenders if any major project party enters administration this triggers an event of default, once Interserve PLC entered administration as a major project party an event of default had occurred. The board are working with their legal advisors, Interserve Group Limited and the lenders to find a remediation for this default.

On 15 March 2019, Interserve Investments Limited sold its remaining indirect legal interests of 50.10% in Pyramid Schools (Tameside) Holdings Limited (through its interest in Interserve PFI 2003 Limited, shareholder of Pyramid Schools (Tameside) Holdings Limited) to PPDI Assetco Limited. PPDI Asset Co now holds an indirect interest of 50% in the Pyramid Schools (Tameside) Holdings Limited. Interserve PFI 2003 Limited was renamed as Browning PFI 2003 Limited, Interserve PFI Holdings Limited and Interserve PFI Holdings 2014 Limited were renamed Browning PFI Holdings Limited and Browning PFI Holdings 2014 Limited respectively.

Services have not been affected by these changes in Interserve structure.

The directors do not anticipate a change in the company’s activity for the foreseeable future.

The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

Following the UK’s decision to leave the EU after the referendum held on 23 June 2016, directors have considered the nature and extent of risks and uncertainties arising from the result of the referendum and the impact on the future performance and financial position of the business. The directors do not consider the referendum vote gives rise to solvency, liquidity or other risks that may threaten the long-term viability of the business.

Principal risks and uncertainties

The group’s principal activity as detailed above is considered low risk as its trading relationships with its customer, funders and contracts with IPSL and IFM are determined by the terms of their respective detailed PFI contracts. Its main exposure is to financial risks as detailed in the following section.

PYRAMID SCHOOLS (TAMESIDE) HOLDINGS LIMITED

One of the risks of the group is that services may not be able to continue due to the financial failure of one of the group's subcontractors. The financial stability of the facilities management company is being monitored. The directors have reviewed the benchmarking information on the facilities management contract fee and are comfortable that this is a market rate which would enable replacement of the contractor for a similar fee.

Financial risk management

The group has exposures to a variety of financial risks which are managed with the purpose of minimising any potential adverse effect on the group's performance.

The board has policies for managing each of these risks and they are summarised below:

Interest rate risk

The group hedged its interest rate risk at the inception of the project by swapping its variable rate debt into fixed rate by the use of an interest rate swap.

Inflation risk

The company's project revenue and most of its costs were linked to inflation at the inception of the project, resulting in the project being largely insensitive to inflation.

PYRAMID SCHOOLS (TAMESIDE) HOLDINGS LIMITED

STRATEGIC REPORT (continued)

Liquidity risk

The group adopts a prudent approach to liquidity management by maintaining sufficient cash and liquid resources to meet its obligations. Due to the nature of the project cash flows are reasonably predictable and so this is not a major risk area for the group.

Credit risk

The group receives the bulk of its revenue from the Tameside Metropolitan Borough Council and therefore is not exposed to significant credit risk.

Interest rate swap arrangement and inflation swap arrangements are with institutions of a suitable credit quality.

Ownership

In the directors' opinion there is no ultimate controlling party. The company is owned by its ultimate shareholders PPP Equity PIP LP (acting by its General Partner Dalmore Capital 6 GP Limited and its manager Dalmore Capital Limited) and Aberdeen Infrastructure Partners LP Inc. acting by its manager Aberdeen Asset Managers Limited.

Going concern

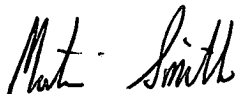
The directors have prepared a detailed model forecast to project completion incorporating the relevant terms of the PFI contract, subcontracts and Credit Agreement and reasonably prudent economic assumptions. This forecast and associated business model, which is updated regularly, predicts that the company will be profitable and will have sufficient cash resources to operate within the terms of the PFI contract, Subcontract and Credit agreement. Therefore, the directors, having considered the financial position of the group and its expected future cash flows, have prepared the financial statements on a going concern basis. The directors confirm that they do not intend to liquidate the company or cease trading as we consider we have realistic alternatives to doing so.

In reaching this conclusion, the directors have specifically considered the matters above in respect of the event of default under the terms of the Project Company's Credit Agreement. The directors are working on finding a resolution of the default under the Credit Agreement and do not believe this will affect the viability of the company. The directors acknowledge that the non-waiver of the default indicates the existence of a material uncertainty, which may cast significant doubt of the Group's and Company's ability to continue as a going concern, and, therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business. Also, as a consequence the senior loan creditor has been classified as due in less than one year.

The directors confirm the completeness of the information provided regarding events and conditions relating to going concern at the date of approval of the financial statements, including plans for future actions.

Approved by the Board of Directors and signed on behalf of the Board

Pyramid Schools (Tameside) Holdings Limited.
Director



M T Smith
20 November 2019

PYRAMID SCHOOLS (TAMESIDE) HOLDINGS LIMITED

DIRECTORS' REPORT

The directors present their annual report on the affairs of the group and the audited financial statements for the year ended 31 March 2019.

GROUP STRATEGIC REPORT

The information that fulfils the Companies Act requirements of the business review is included in the strategic report. This includes a review of the development of the business of the group during the year, of its position at the end of the year and of the likely financial risk exposure and management of future developments in its business.

Information related to the going concern assumptions and subsequent events is included in the strategic report.

Details of the principal risk and uncertainties are included in the strategic report.

ENVIRONMENT

The group recognises the importance of its environmental responsibilities, monitors its impact on the environment and implements policies via its sub-contractors to reduce any damage that might be caused by the group's activities.

EMPLOYEES

The group has no direct employees (2018: nil).

DIVIDENDS

Since the year end, the directors have proposed and paid dividends of £Nil (2018: £170k).

DIRECTORS

The directors, who served throughout the year and at the date of this report, are set out below:

S J Mallion (resigned 31/03/2019)

C R Field

C T Solley

M T Smith

J S Gordon

P K Johnstone

None of the directors had any interests in the issued share capital of the group at 31 March 2019.

AUDITOR

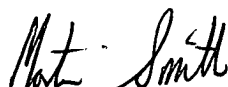
Each of the persons who is a director at the date of approval of this report confirms that:

- so 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/she ought to have taken as a director in order to make himself/herself aware of any relevant 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 provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor.

Approved by the Board of Directors
and signed on behalf of the Board



Pyramid Schools (Tameside) Holdings Limited.

M T Smith

Director

20 November 2019

PYRAMID SCHOOLS (TAMESIDE) HOLDINGS LIMITED

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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 comprehensive income 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;
- 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PYRAMID SCHOOLS (TAMESIDE) HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PYRAMID SCHOOLS (TAMESIDE) HOLDINGS LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion the financial statements of Pyramid Schools (Tameside) Holdings Limited (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2019 and of the group's comprehensive income for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of comprehensive income;
- the consolidated and parent company statements of financial position;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 18.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to the Note 1 of the financial statements concerning the group's and the company's ability to continue as a going concern. The Project Company is in default under its Credit Agreement at the date of signing the financial statements and the lenders have not waived the breach. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1 to the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the group's and company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

PYRAMID SCHOOLS (TAMESIDE) HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PYRAMID SCHOOLS (TAMESIDE) HOLDINGS LIMITED (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

PYRAMID SCHOOLS (TAMESIDE) HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PYRAMID SCHOOLS (TAMESIDE) HOLDINGS LIMITED (continued)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

Use of our report

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.



Jacqueline Holden FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
20 November 2019

PYRAMID SCHOOLS (TAMESIDE) HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2019

	Note	2019 £'000	2018 £'000
TURNOVER	2	2,958	2,425
Cost of sales		(2,157)	(1,561)
GROSS PROFIT		801	864
Administrative expenses		(195)	(221)
OPERATING PROFIT	3	606	643
Interest receivable and similar income	4	1,043	1,082
Interest payable and similar charges	4	(936)	(971)
PROFIT BEFORE TAXATION		713	754
Tax on profit	5	(203)	(369)
PROFIT FOR THE YEAR AND ATTRIBUTABLE TO SHAREHOLDERS		510	385
OTHER COMPREHENSIVE INCOME/(EXPENSE)			
Fair value movement of derivatives		195	721
Deferred tax relating to other comprehensive income	6	(33)	(123)
TOTAL COMPREHENSIVE GAIN		672	983

All activities are derived from continuing operations.

The change in fair value of the interest rate swap liability were wholly recognised in other comprehensive income in the current and prior years. There was no amount recognised in profit or loss for this year (2018: £Nil). The amount reclassified from equity to profit or loss for this year was £nil (2018: £nil).

PYRAMID SCHOOLS (TAMESIDE) HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

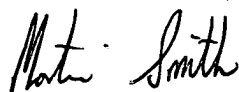
As at 31 March 2019

	Notes	2019 £'000	2018 £'000 Restated *
CURRENT ASSETS			
Debtors - Due within one year	9	585	454
- Due after one year	9	14,811	15,279
Cash at bank and in hand		3,332	2,674
		<hr/>	<hr/>
		18,728	18,407
CREDITORS: amounts falling due within one year	10	(11,114)	(1,635)
		<hr/>	<hr/>
NET CURRENT ASSETS AND TOTAL ASSETS LESS CURRENT LIABILITIES		7,614	16,772
CREDITORS: amounts falling due after more than one year	11	(4,313)	(14,275)
Provision for liabilities	12	(1,798)	(1,666)
		<hr/>	<hr/>
NET ASSETS		1,503	831
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	13	6	6
Profit and loss account		3,478	2,968
Hedging Reserve	17	(1,981)	(2,143)
		<hr/>	<hr/>
SHAREHOLDERS' FUNDS		1,503	831
		<hr/>	<hr/>

* The balance sheet has been restated to classify cash equivalents and investments as cash at bank and in hand. Further detail is provided in the note 18.

The financial statements for Pyramid Schools (Tameside) Holdings Limited, registered number 04317596 were approved by the Board of Directors and authorised for issue on 20 November 2019.

Signed on behalf of the Board of Directors



Pyramid Schools (Tameside) Holdings Limited.

M T Smith

Director

PYRAMID SCHOOLS (TAMESIDE) HOLDINGS LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Notes	2019 £'000	2018 £'000
FIXED ASSETS			
Investment in subsidiary undertaking	8	2,088	2,088
CURRENT ASSETS			
Debtors: Due within one year	9	-	-
CREDITORS: amounts falling due within one year	10	-	-
NET CURRENT ASSETS AND TOTAL ASSETS LESS CURRENT LIABILITIES		2,088	2,088
CREDITORS: amounts falling due after more than one year	11	(2,082)	(2,082)
NET ASSETS		6	6
CAPITAL AND RESERVES			
Called up share capital	13	6	6
SHAREHOLDERS' FUNDS		6	6

As permitted by Section 408 of the Companies Act 2006, the company has not presented its own profit and loss account. The result of the company in the year was £Nil (2018: £170,000).

These financial statements of Pyramid Schools (Tameside) Holdings Limited, registered number 04317596 were approved by the Board of Directors and authorised for issue on 20 November 2019.

Signed on behalf of the Board of Directors



Pyramid Schools (Tameside) Holdings Limited.
M T Smith
Director

PYRAMID SCHOOLS (TAMESIDE) HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2019

		Called up Share capital £'000	Hedging Reserve £'000	Profit and loss account £'000	Total £'000
AT 1 MARCH 2017		6	(2,741)	2,753	18
Profit for the year		-	-	385	385
Fair Value movement on derivatives		-	721	-	721
Deferred tax on FV movement of derivatives	6	-	(123)	-	(123)
		<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income		-	598	385	983
Dividends paid on equity shares	7	-	-	(170)	(170)
		<hr/>	<hr/>	<hr/>	<hr/>
AT 31 MARCH 2018		6	(2,143)	2,968	831
Profit for the year		-	-	510	510
Fair Value movement on derivatives		-	195	-	195
Deferred tax on FV movement of derivatives	6	-	(33)	-	(33)
		<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income		-	162	510	672
Dividends paid on equity shares	7	-	-	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
AT 31 MARCH 2019		6	(1,981)	3,478	1,503
		<hr/>	<hr/>	<hr/>	<hr/>

PYRAMID SCHOOLS (TAMESIDE) HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2019

		Called up Share capital £'000	Hedging Reserve £'000	Profit and loss account £'000	Total £'000
AT 1 MARCH 2017		6	-	-	6
Profit for the year		-	-	170	170
Dividends paid on equity shares	7	-	-	(170)	(170)
		<hr/>	<hr/>	<hr/>	<hr/>
AT 31 MARCH 2018		6	-	-	6
Profit for the year		-	-	-	-
Dividends paid on equity shares	7	-	-	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
AT 31 MARCH 2019		6	-	-	6
		<hr/>	<hr/>	<hr/>	<hr/>

PYRAMID SCHOOLS (TAMESIDE) HOLDINGS LIMITED

CONSOLIDATED CASH FLOW STATEMENT For the Year ended 31 March 2019

	Notes	2019 £'000	2018 £'000 Restated *
Cash flow from operating activities	14	1,224	(89)
Tax paid		(302)	(2)
Interest received		1,043	1,082
		<hr/>	<hr/>
Net cash generated from operating activities		1,965	991
Cash flows (used in)/from financing activities			
Interest paid		(790)	(956)
Secured senior loans		(517)	(520)
Equity dividends paid		-	(170)
		<hr/>	<hr/>
Net cash (used in) financing activities		(1,307)	(1,646)
Net increase/(decrease) in cash		658	(655)
Cash at the beginning of the year		2,674	3,329
		<hr/>	<hr/>
Cash at bank and in hand at the end of the year		3,332	2,674
		<hr/>	<hr/>
Reconciliation to cash at bank and in hand			
Cash at bank and in hand		3,332	2,674
		<hr/>	<hr/>

* The cash flow statement has been restated to classify investments as cash at bank and in hand. Further detail is provided in the note 18. In addition, interest paid was previously classified as operating and has now been appropriately classified as financing and the comparative has been restated accordingly.

PYRAMID SCHOOLS (TAMESIDE) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards. The particular accounting policies adopted by the directors are described below, and have been applied consistently throughout the current and prior year except as noted below.

The financial statements have been prepared under FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland”.

The particular policies adopted by the directors are described below.

Going concern

On the 22nd December 2018, Pyramid Schools (Tameside) Limited (the Project Company), the management services provider to this company, changed its management services subcontractor from Interserve Investments Limited to Albany SPC Services Limited.

On 15th March 2019 Interserve Plc, the parent company of Interserve (Facilities Management) Limited, went into administration and all its subsidiaries were sold to Interserve Group Limited, a newly incorporated private company controlled by its lenders. Interserve (Facilities Management) Limited with which the group has a contractual relationship to deliver services, is continuing business as usual within the newly formed group of Interserve Group Limited. Interserve Plc was classed as a Major Project Party under the project Credit Agreement as it provides a parent company guarantee for the facilities management subcontractor. Under the Credit Agreement with the lenders, if any Major Project Party enters administration, this triggers an Event of Default. Once Interserve Plc entered administration an Event of Default occurred. The directors are working with legal advisors, Interserve Group Limited and the lenders to find a remedy for this default.

Services had not been affected by these changes in Interserve’s structure.

The directors have prepared a detailed model forecast to project completion incorporating the relevant terms of the PFI contract, subcontracts and Credit Agreement and reasonably prudent economic assumptions. This forecast and associated business model, which is updated regularly, predicts that the group will be profitable and will have sufficient cash resources to operate within the terms of the PFI contract, Subcontract and Credit Agreement. Therefore, the directors, having considered the financial position of the group and its expected future cash flows, have prepared the financial statements on a going concern basis. The directors confirm that they do not intend to liquidate the company or cease trading as we consider we have realistic alternatives to doing so.

In reaching this conclusion, the directors have specifically considered the matters in respect of the event of default under the terms of the Project Company’s Credit Agreement. The directors are working on finding a resolution of the default under the Credit Agreement and do not believe this will affect the viability of the group. The directors acknowledge that the non-waiver of the default indicates the existence of a material uncertainty, which may cast significant doubt on the Group’s and the Company’s ability to continue as a going concern, and, therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business. Also as a consequence the senior debt liability is classified as being due in less than one year

The directors confirm the completeness of the information provided regarding events and conditions relating to going concern at the date of approval of the financial statements, including plans for future actions.

Accounting convention

These financial statements have been prepared in accordance with the historical cost convention, modified to include certain items at fair value (see derivative financial instruments below) and in accordance with FRS 102.

Accounting for PFI contracts

In prior years the Group took advantage of exemptions made available under section 35.10 (i) of FRS 102, and as such there has been no substantial change to the treatment of the financial asset receivable due to the adoption of the standard.

Under the terms of the contract substantially all the risks and rewards of ownership of the property remain with the Tameside Metropolitan Borough Council.

PYRAMID SCHOOLS (TAMESIDE) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

During the period of construction, costs incurred as a direct consequence of financing, designing and constructing the schools, including finance costs, are capitalised and shown as work in progress. On completion, credit is taken for the deemed sale, which is recorded within turnover. The construction

expenditure and associated costs are reallocated to cost of sales. Amounts receivable are classified as a financial asset receivable (PFI debtor).

Revenues received from the customer are apportioned between:

- capital repayments;
- finance income; and
- operating revenue.

PYRAMID SCHOOLS (TAMESIDE) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2019

1. ACCOUNTING POLICIES (CONTINUED)

Investment in subsidiary undertakings

Investments in subsidiary undertakings are held at the cost of the shares and the face value of the loan less any provision for impairment in value.

Financial instruments

The Group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Group's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Loans and receivables

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

PYRAMID SCHOOLS (TAMESIDE) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2019

1. ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless they are included in a hedging arrangement.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the obligation specified in the contract is discharged, cancelled, or expires.

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax is provided in full on timing differences which result in an obligation at the statement of financial position 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 or 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.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Group financial statements

The group financial statements consolidate the financial statements of the company and its subsidiary undertaking. As a consolidated statement of comprehensive income is published, a separate statement of comprehensive income for the parent company is omitted from the group financial statements by virtue of section 408 of the companies Act 2006. The result for the financial year of the parent company was £Nil (2018: £170,000).

Share Capital

Share capital recognised at amortised cost represents the amount of equity in the form of shares invested by the shareholders.

PYRAMID SCHOOLS (TAMESIDE) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2019

1. ACCOUNTING POLICIES (continued)

Critical accounting judgements and sources of estimation uncertainty

The preparation of the financial statements in conformity with FRS 102 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based upon historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgements about carrying values of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

- Accounting for the service concession contract and finance asset require an estimation of service margins, finance asset's interest rate and associated amortisation profile which is based on forecast results of the PFI contract.

Critical judgements in applying the company's accounting policies

- Derivative financial instruments are held at fair value.
- Applicability of hedge accounting.

Service concession

The Group has been established to provide services under certain private finance agreements with the Tameside Metropolitan Borough Council. Under the terms of these Agreements, the Tameside Metropolitan Borough Council (as grantor) controls the services to be provided by the Group over the contract term. Based on the contractual arrangements the Group has classified the project as a service concession arrangement, and has accounted for the principal assets of, and income streams from, the project in accordance with FRS 102, Section 34.12 Service Concession Arrangements.

The group has chosen to adopt the transitional arrangements available within FRS 102, Section 35.10(i) and as such the service concession arrangement has continued to be accounted for using the same accounting policies being applied at the date of transition to FRS 102 (1 April 2014). The nature of the asset has therefore not changed.

Under the terms of the arrangement, the company has the right to receive a baseline contractual payment stream for the provision of the services from or at the direction of the grantor (the Tameside Metropolitan Borough Council), and as such the asset is accounted for as a financial asset. The financial asset has initially been recognised at the fair value of the consideration received, based on the fair value of the construction (or upgrade) services, plus any directly attributable transaction costs, provided in line with FRS 102.

Revenue is recognised from the supply of services, which represents the timing of services provide under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable.

Derivative financial instruments

The group holds derivative financial instruments which have the effect of fixing the interest rate payable on bank borrowings. Amounts payable or receivable in respect of interest rate derivatives are recognised as adjustments to interest over the period of the contract. See hedge accounting below for how the derivative is accounted for.

PYRAMID SCHOOLS (TAMESIDE) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2019

1 Accounting policies (continued)

Hedge accounting

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the fair value of the derivative financial instrument is recognised directly in the statement of comprehensive income as other comprehensive income or expense. Any ineffective portion of the hedge is recognised immediately in profit or loss.

Where hedge accounting recognises a liability then an associated deferred tax asset is also recognised.

Cash flow hedges

The effective portion of the changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit and loss in the periods in which the hedged item affects profit or loss, or when the hedging relationship ends.

Hedge accounting is discontinued when the entity revokes the hedging relationship, the hedging instrument expires or is sold, terminated, exercised or no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at the time is reclassified to profit or loss when the hedged item is recognised in profit or loss. When a forecast transaction is no longer expected to occur any gain or loss that was recognised in other comprehensive income is reclassified immediately to profit or loss.

2. TURNOVER

Turnover, which is stated net of value added tax, represents amounts invoiced for services provided, and is recognised each year as the applicable portions of the amounts receivable relating to finance and operating costs calculated on a consistent basis (see accounting policy note 1).

Turnover which is attributable to one geographical market, the United Kingdom, can be analysed as follows:

	2019 £'000	2018 £'000
Turnover comprises:		
Turnover from operations	2,060	2,015
Turnover from pass throughs	898	410
	<hr/>	<hr/>
Total Sales	2,958	2,425
	<hr/>	<hr/>

Turnover from pass throughs in the current year and previous year relate to deductions and variations.

PYRAMID SCHOOLS (TAMESIDE) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2019

3. OPERATING PROFIT

	2019 £'000	2018 £'000
This is stated after charging:		
Auditor's remuneration		
- Audit services for the audit of the company and subsidiary borne by the subsidiary	14	14
Tax advisory services	7	4
	<hr/>	<hr/>

The group had no employees during the year (2018: nil). Service fees of £20,000 (2018: £73,000) were paid to the group's ultimate shareholders for the directors' services to the company during the year.

4. NET FINANCE CHARGES

	2019 £'000	2018 £'000
Interest receivable and similar income:		
Interest receivable on financial asset	1,035	1,059
Bank interest	8	23
	<hr/>	<hr/>
Total interest receivable	1,043	1,082
	<hr/>	<hr/>
Interest payable and similar charges:		
Swap interest paid	(476)	(541)
Senior debt	(180)	(149)
Subordinated loan stock	(266)	(266)
Other finance costs	(14)	(15)
	<hr/>	<hr/>
Total interest payable	(936)	(971)
	<hr/>	<hr/>
Net interest payable	107	111
	<hr/>	<hr/>

PYRAMID SCHOOLS (TAMESIDE) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2019

5. TAX ON PROFIT

	2019 £'000	2018 £'000
Current taxation charge comprises:		
Current tax – charge for the year	(194)	(190)
Prior year	123	103
	<hr/>	<hr/>
	(71)	(87)
Deferred taxation		
Timing differences, origination and reversal	(132)	(282)
	<hr/>	<hr/>
	(203)	(369)
	<hr/>	<hr/>
Factors affecting the current tax charge in the year:		
Profit before tax	713	754
	<hr/>	<hr/>
Tax charge on profit on ordinary activities before tax at a rate of 19.00% (2018: 19.00%)	(135)	(143)
Contract income posted directly to balance sheet	(72)	(63)
Capital allowances in excess of depreciation	13	15
Deferred tax	(132)	(281)
Prior year	123	103
	<hr/>	<hr/>
Total tax charge for the year	(203)	(369)
	<hr/>	<hr/>

The Finance (No 2) Act 2015, which provides for reductions in the main rate of corporation tax from 20% to 19% effective from 1 April 2018 and to 18% effective from 1 April 2020, was substantively enacted on 26 October 2015. Subsequently, the Finance Act 2016, which provides for a further reduction in the main rate of corporation tax to 17% effective from 1 April 2020, was substantively enacted on 6 September 2016. These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date.

PYRAMID SCHOOLS (TAMESIDE) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2019

6. DEFERRED TAXATION

	2019 £'000	2018 £'000
Deferred taxation provided for at 17% (2018: 17%) in the financial statements is set out below:		
Deferred tax charge comprises:		
Deferred tax charge to other comprehensive income relating to movement in fair value	(33)	(123)
	(33)	(123)
Factors affecting the current tax charge in the year:		
	2019 £'000	2018 £'000
Deferred tax asset:		
Balance at start of year	439	562
Deferred tax charge to other comprehensive income relating to movement in fair value	(33)	(123)
Balance at end of year	406	439

The deferred tax asset will unwind over the life of the financial instrument.

7. DIVIDENDS

	2019 £'000	2018 £'000
Dividend paid in year of £Nil per share (2018: £28.33 per share)	-	170
No dividends are payable at 31 March 2019. Since the year end, the directors have proposed and paid dividends of £Nil (2018:£Nil).		

8. INVESTMENT IN SUBSIDIARY UNDERTAKING

	Company 2019 £'000	Company 2018 £'000
Shares at cost	6	6
Loan due after one year	2,082	2,082

The group's subsidiary undertaking, Pyramid Schools (Tameside) Limited is wholly owned and incorporated in Great Britain. The registered office is 3rd Floor, 3-5 Charlotte Street, Manchester, M1 4HB. Its activity is to provide design, build, finance and operate the services under a Private Finance Initiative concession contract.

PYRAMID SCHOOLS (TAMESIDE) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2019

9. DEBTORS

	Group 2019 £'000	Company 2019 £'000	Group 2018 £'000	Company 2018 £'000
Due within one year				
Trade debtors	91	-	54	-
Prepayments and other debtors	37	-	1	-
Deferred Tax Asset	27	-	22	-
Financial asset receivable (PFI contract)	430	-	377	-
	<u>585</u>	<u>-</u>	<u>454</u>	<u>-</u>
Due after one year				
Financial asset receivable (PFI contract)	14,432	-	14,862	-
Deferred tax asset	379	-	417	-
	<u>14,811</u>	<u>-</u>	<u>15,279</u>	<u>-</u>
Total due after one year				
	<u>14,811</u>	<u>-</u>	<u>15,279</u>	<u>-</u>
Total debtors	<u>15,396</u>	<u>-</u>	<u>15,733</u>	<u>-</u>

The company has taken advantage of exemptions made available under section 35 10(i) of FRS 102, and as such there has been no change to the treatment of the financial asset when this standard was adopted in 2016.

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2019 £'000	Company 2019 £'000	Group 2018 £'000	Company 2018 £'000
Trade creditors	386	-	56	-
Accruals	469	-	343	-
Corporation tax liability	261	-	493	-
Value added tax payable	102	-	112	-
Interest rate swap liability	156	-	129	-
Senior secured loan	9,817	-	516	-
Unamortised issue costs	(77)	-	(14)	-
	<u>11,114</u>	<u>-</u>	<u>1,635</u>	<u>-</u>

The secured senior loan represents amounts borrowed under a facility agreement with Bank of Ireland. The loan bears interest at a margin of 0.9% over LIBOR and is repayable in instalments between 2003 and 2029. The loan is secured by fixed and floating charges over the property, assets and rights of the company, and has certain covenants attached.

PYRAMID SCHOOLS (TAMESIDE) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2019

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

	Group 2019 £'000	Company 2019 £'000	Group 2018 £'000	Company 2018 £'000
Senior secured loan	-	-	9,740	-
Subordinated loan stock	2,082	2,082	2,082	2,082
Interest rate swap liability	2,231	-	2,453	-
	<u>4,313</u>	<u>2,082</u>	<u>14,275</u>	<u>2,082</u>

Maturity analysis of senior secured loan and standby loan due after more than one year:

	Group 2019 £'000	Company 2019 £'000	Group 2018 £'000	Company 2018 £'000
Senior secured loan:				
Repayable between one and two years	-	-	643	-
Repayable between two and five years	-	-	2,657	-
Repayable after five years	-	-	6,518	-
	-	-	9,818	-
Less: unamortised issue costs	-	-	(78)	-
	-	-	9,740	-

In order to hedge against interest variations on the loan, the company has entered into an interest rate swap agreement with a bank whereby at monthly intervals sums are exchanged reflecting the difference between floating and fixed interest rates, calculated on a predetermined notional principal amount.

The subordinated loan stock represents amounts borrowed under loan note agreements with the shareholders. The loan notes bear interest at a rate of 12.75% per annum.

PYRAMID SCHOOLS (TAMESIDE) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2019

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

Maturity analysis of subordinated loan stock due after more than one year:

	Group 2019 £'000	Company 2019 £'000	Group 2018 £'000	Company 2018 £'000
Subordinated loans:				
Repayable after five years	2,082	-	2,082	-

Interest on the subordinated loans is paid at 12.75% per annum, principal is repayable upon expiry of the contract or earlier at the company's discretion and is unsecured.

Maturity analysis of interest rate swap due after more than one year:

	Group 2019 £'000	Company 2019 £'000	Group 2018 £'000	Company 2018 £'000
Interest rate swap liability				
Repayable between one and two years	189	-	157	-
Repayable between two and five years	707	-	647	-
Repayable after five years	1,335	-	1,649	-
	2,231	-	2,453	-

PYRAMID SCHOOLS (TAMESIDE) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2019

12. PROVISION FOR LIABILITIES

	Group	
	2019 £'000	2018 £'000
Deferred tax		
Opening balance	(1,666)	(1,385)
Credited in year	(132)	(281)
	<hr/>	<hr/>
	(1,798)	(1,666)
	<hr/>	<hr/>
Deferred tax consists of the following:		
Depreciation in excess of capital allowances	60	72
Deferred receipts under contract	(1,858)	(1,738)
	<hr/>	<hr/>
Balance at end of year	(1,798)	(1,666)
	<hr/>	<hr/>

13. CALLED UP SHARE CAPITAL

	2019 £'000	2018 £'000
Authorised, called up, allotted and fully paid		
6,000 ordinary shares of £1 each	6	6
	<hr/>	<hr/>

The company has 100,000 shares at £1 each, of which none carry rights to fixed income. All of the shares carry equal voting rights.

14. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2019 £'000	2018 £'000
Operating profit	606	643
Decrease in debtors	304	292
Increase/(decrease) in creditors	314	(1,024)
	<hr/>	<hr/>
Net cash inflow from operating activities	1,224	(89)
	<hr/>	<hr/>

The classification of the outflow for interest paid has been restated from cash generated from operating activities to net cash used in financing activities to better reflect the nature of the cash flow. The 2018 amounts have been restated accordingly.

PYRAMID SCHOOLS (TAMESIDE) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2019

15. CONTROLLING PARTIES

The Company is incorporated and domiciled in Great Britain. At the balance sheet date the immediate parent companies are Browning PFI Holdings Limited and Aberdeen Infrastructure (No.3) Limited which each holds 50% of the share capital of the company. The registered offices of these companies are 1 Park Row, Leeds LS1 5AB, and Bow Bells House, 1 Bread Street, London, EC4M 9HH, respectively. In the opinion of the directors no company is a controlling party. The ultimate parent companies who jointly control the company are, PPP Equity PIP LP (acting by its General Partner Dalmore Capital 6 GP Limited and its manager Dalmore Capital Limited) and Aberdeen Infrastructure Partners LP Inc acting by its manager Aberdeen Asset Managers Limited.

These group financial statements are the smallest and largest that are prepared of which the company is a member. No other group financial statements are prepared.

Copies of the financial statements of Browning PFI Holdings Limited and Aberdeen Infrastructure (No.3) Limited are available from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

16. RELATED PARTY TRANSACTIONS

Amounts payable at 31 March 2019 are included within trade creditors, accruals and deferred income and subordinated debt.

Parties	Supplied during the year ended 31 March 2019 £'000	Amounts payable at 31 March 2019 £'000	Supplied during the year ended 31 March 2018 £'000	Amounts payable at 31 March 2019 £'000
Interserve PLC and its subsidiary undertakings				
For services	-	-	2,577	46
Subordinated debt principal	-	-	-	1,041
Subordinated debt interest	-	-	133	-
Dividend	-	-	85	-
PPP Equity PIP LP				
For services	45	-	35	9
Subordinated debt principal	-	1,041	-	-
Subordinated debt interest	133	66	-	-
Dividend	-	-	-	-
Aberdeen Infrastructure Partners LP Inc				
For services	32	19	37	-
Subordinated debt principal	-	1,041	-	1,041
Subordinated debt interest	133	66	133	-
Dividend	-	-	85	-
Albany SPC Services Limited				
For services	23	-	-	-

Amounts payable at 31 March 2019 are included within trade creditors, accruals and deferred income and

PYRAMID SCHOOLS (TAMESIDE) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) **For the year ended 31 March 2019**

17. HEDGE RESERVE

	2019	2018
	£'000	£'000
Derivatives that are designated and effective as hedging instruments carried at fair value:		
Interest rate swap on loans		
Fair value on interest swap liability at year end	(2,387)	(2,582)
Tax on above	406	439
	<hr/>	<hr/>
	(1,981)	(2,143)
	<hr/>	<hr/>

On 19 June 2002 the company entered into a 25 year fixed interest rate swap arrangement to hedge its exposure to the effect of interest rate fluctuations. The interest rate swap contracts are designated as a hedge of variable interest rate risk of the company's floating rate borrowings. The hedged cash flows are expected to occur and to affect profit or loss over the period to maturity of the swap. The swap was effected on a notional amount of £18.1 million payable in semi-annual amounts between 30 September 2003 and 31 March 2029.

The fair value of the interest rate swap liability in the current and prior years has been determined by Lloyds Banking Group who has used relevant market data to determine their valuations.

18. CASH AT BANK AND IN HAND

In the prior year amounts held on deposit were classified as cash equivalents or investments, this year these deposits are classified as cash at bank and in hand. The amount reclassified in the 2018 accounts from investments to cash at bank and in hand is £338,000.