

**Group Strategic Report, Directors' Report and
Audited Consolidated Financial Statements for the Year Ended 31 March 2020**
for
**Pyramid Schools (Tameside) Holdings
Limited**



**Pyramid Schools (Tameside) Holdings
Limited (Registered number: 04317596)**

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for the Year Ended 31 March 2020**

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**Pyramid Schools (Tameside) Holdings
Limited**

**Company Information
for the Year Ended 31 March 2020**

Directors:	Martin Timothy Smith Christopher Richard Field John Stephen Gordon Peter Kenneth Johnstone Christopher Thomas Solley
Secretary:	Wendy Lisa Rapley
Registered office:	C/O Albany Spc Services Limited 3rd Floor 3-5 Charlotte Street Manchester M1 4HB
Registered number:	04317596 (England and Wales)
Independent auditor:	Johnston Carmichael LLP 7-11 Melville Street Edinburgh EH3 7PE
Bankers:	Bank of Scotland 11 Earl Grey Street Edinburgh EH3 9BN

**Pyramid Schools (Tameside) Holdings
Limited (Registered number: 04317596)**

**Group Strategic Report
for the Year Ended 31 March 2020**

The directors present their strategic report of the company and the group for the year ended 31 March 2020.

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

Review of business and principle activities

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 on 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 2020, the group made a profit before tax of £0.5 million (2019: £0.7 million). The decrease in operating profit was mainly attributable to the increased lifecycle expenditures and administration expenses occurred during this financial year. We expect the company to continue to be profitable during the operations phase and we expect the cash flows of the project as a whole to have a positive net present value.

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 Construction Limited ("ICL", Registered number: 00303359, formally known as Interserve Project Services Limited), 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 group'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 2018 Pyramid Schools (Tameside) Holdings Limited changed its management service provider from Interserve Investments Limited to Albany SPC Services Limited.

The PFI contract with the Tameside Metropolitan Borough Council and contracts with ICL 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 group has a Credit Agreement with its lender which fixes the level of borrowing and repayments due until the loan is fully repaid in 2029.

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.

The United Kingdom left the European Union on 31 January 2020. It is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy. However, the company is not affected by the continued uncertainty surrounding the United Kingdom's membership of the European Union, as the cash flows are secured under a long term PFI Contract with the Tameside Metropolitan Borough Council.

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 ICL 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.

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.

**Pyramid Schools (Tameside) Holdings
Limited (Registered number: 04317596)**

**Group Strategic Report
for the Year Ended 31 March 2020**

Principal risks and uncertainties - continued

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 group'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.

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.

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

Going concern

Pyramid School (Tameside) Holdings Limited is a holding company with wholly owned subsidiary undertaking, Pyramid Schools (Tameside) Limited (the 'Project Company'). The Project company has a Credit Agreement with lenders. Under the agreement, Interserve PLC was acting as a parent company guarantee (PCG) entity for both the facilities management subcontractor, Interserve (Facilities Management) Limited, and the building subcontractor, Interserve Construction Limited, both of which were subsidiaries of Interserve PLC. On the 15 March 2019, Interserve PLC went into administration, as a result of which Interserve (Facilities Management) Limited and Interserve Construction Limited were sold to Interserve Group Limited, a newly incorporated private company controlled by its lenders.

Under the Credit Agreement with the lenders, if the PCG entity enters administration, this triggers an Event of Default. Once Interserve PLC entered administration, an Event of Default occurred. On 20 November 2020, an agreement has been reached accepting the PCG of Interserve Group Limited for Interserve Construction Limited and Interserve (Facilities Management) Limited. A lender consent letter was signed waiving the subsisting Event of Default. As a result, the company is no longer in default due to the administration of Interserve PLC.

As no such waiver has been received from the lender to uplift the Event of default as at the balance sheet date of the financial statements, the loans are classified as due within one year in the consolidated balance sheet.

**Pyramid Schools (Tameside) Holdings
Limited (Registered number: 04317596)**

**Group Strategic Report
for the Year Ended 31 March 2020**

Going concern - continued

Furthermore, on 25 June 2020 Interserve Group Limited and Mitie Group Plc announced that they had signed a Sale and Purchase Agreement for the merger of Interserve's Facilities Management (FM) businesses with that of Mitie Group Plc. On 30 November 2020 Mitie Group Plc completed the merger of Interserve's FM businesses and that with effect from 1 December 2020 Interserve's FM businesses are now owned by Mitie Group Plc. Services have not been affected by these changes.

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.

The World Health Organisation declared the COVID-19 outbreak a health emergency on 30 January 2020 and a global pandemic on 11 March 2020. Many actions taken by the UK Government and the private sector to respond to the outbreak followed these announcements. A review of the financial impact on the group in responding to COVID-19 has been assessed as low. This is because the Company is still able to provide the services required under the PFI contract as the sub-contracted Facilities Management company remains able to meet its contractual obligations. This is because its work is deemed to be essential and its employees are deemed to be key workers according to the guidance notes released by the Infrastructure and Projects Authority on 2 April 2020.

Since the COVID-19 outbreak, the customer, the Tameside Metropolitan Borough Council, have continued making unitary payments in accordance with the Infrastructure and Projects Authority guidance note, and the onward payments to the Facilities Management company have continued to be paid in accordance with the Project Agreement.

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.

On behalf of the board:



.....
Martin Timothy Smith - Director

Date: 8th January 2021
.....

**Pyramid Schools (Tameside) Holdings
Limited (Registered number: 04317596)**

**Directors' Report
for the Year Ended 31 March 2020**

The directors present their report with the financial statements of the company and the group for the year ended 31 March 2020.

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 (2019: nil).

Dividends

No dividends will be distributed for the year ended 31 March 2020.

Events since the end of the year

Information relating to events since the end of the year is given in the notes to the financial statements.

Directors

The directors set out in the table below have held office during the whole of the period from 1 April 2019 to the date of this report.

The directors shown below were in office at 31 March 2020 but did not hold any interest in the Ordinary shares of £1 each at 1 April 2019 or 31 March 2020.

Martin Timothy Smith
Christopher Richard Field
John Stephen Gordon
Peter Kenneth Johnstone
Christopher Thomas Solley

Statement as to disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditor is unaware, and each 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 group's auditor is aware of that information.

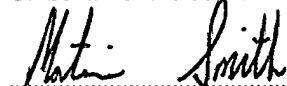
**Pyramid Schools (Tameside) Holdings
Limited (Registered number: 04317596)**

**Directors' Report
for the Year Ended 31 March 2020**

Auditor

During the year, Deloitte LLP resigned and Johnston Carmichael LLP were appointed to fill the casual vacancy arising. Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and Johnston Carmichael LLP will therefore continue in office.

On behalf of the board:

A handwritten signature in black ink, appearing to read 'Martin Timothy Smith', is written over a dotted line.

Martin Timothy Smith - Director

Date: 8th January 2021

**Pyramid Schools (Tameside) Holdings
Limited (Registered number: 04317596)**

**Statement of Directors' Responsibilities
for the Year Ended 31 March 2020**

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss 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 judgements and accounting estimates that are reasonable and prudent;
- 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Independent Auditor's Report to the Members of
Pyramid Schools (Tameside) Holdings
Limited (Registered number: 04317596)**

Opinion

We have audited the financial statements of Pyramid Schools (Tameside) Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2020 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Financial Statements, including a summary of significant accounting policies. 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).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company affairs as at 31 March 2020 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 responsibilities for the audit of the financial statements section of our report. We are independent of the group 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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 this regard.

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 Group 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 Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Independent Auditor's Report to the Members of Pyramid Schools (Tameside) Holdings Limited (Registered number: 04317596)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept 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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page seven, 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 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.

Auditors' 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group or the parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

**Independent Auditor's Report to the Members of
Pyramid Schools (Tameside) Holdings
Limited (Registered number: 04317596)**

Auditors' responsibilities for the audit of the financial statements - continued

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.



Grant Roger (Senior Statutory Auditor)
for and on behalf of Johnston Carmichael LLP
7-11 Melville Street
Edinburgh
EH3 7PE

Date: 8 January 2021

**Pyramid Schools (Tameside) Holdings
Limited (Registered number: 04317596)**

**Consolidated Statement of Comprehensive Income
for the Year Ended 31 March 2020**

	Notes	2020 £'000	2019 £'000
REVENUE	4	3,340	2,958
Cost of sales		(2,679)	(2,157)
GROSS PROFIT		661	801
Administrative expenses		(253)	(195)
OPERATING PROFIT	7	408	606
Interest receivable and similar income	8	1,040	1,043
Interest payable and similar expenses	9	(928)	(936)
PROFIT BEFORE TAXATION		520	713
Tax on profit	10	(519)	(203)
PROFIT FOR THE FINANCIAL YEAR		1	510
OTHER COMPREHENSIVE INCOME			
Fair value movement of derivatives		110	195
Income tax relating to other comprehensive income		27	(33)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		137	162
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		138	672
Profit attributable to: Owners of the parent		1	510
Total comprehensive income attributable to: Owners of the parent		138	672

The notes form part of these financial statements

**Pyramid Schools (Tameside) Holdings
Limited (Registered number: 04317596)**

**Consolidated Balance Sheet
31 March 2020**

	Notes	2020 £'000	2019 £'000
CURRENT ASSETS			
Debtors: amounts falling due within one year	13	836	585
Debtors: amounts falling due after more than one year	13	14,290	14,811
Cash in hand		3,891	3,332
		<u>19,017</u>	<u>18,728</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	14	(11,184)	(11,114)
NET CURRENT ASSETS		<u>7,833</u>	<u>7,614</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		7,833	7,614
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	15	(3,912)	(4,313)
PROVISIONS FOR LIABILITIES	17	(2,280)	(1,798)
NET ASSETS		<u><u>1,641</u></u>	<u><u>1,503</u></u>
CAPITAL AND RESERVES			
Called up share capital	18	6	6
Hedging reserves	19	(1,844)	(1,981)
Retained earnings	19	3,479	3,478
SHAREHOLDERS' FUNDS		<u><u>1,641</u></u>	<u><u>1,503</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on8th January, 2021..... and were signed on its behalf by:


.....
Martin Timothy Smith - Director

The notes form part of these financial statements

**Pyramid Schools (Tameside) Holdings
Limited (Registered number: 04317596)**

**Company Balance Sheet
31 March 2020**

	Notes	2020 £'000	2019 £'000
FIXED ASSETS			
Investments	12	2,088	2,088
CURRENT ASSETS			
Debtors: amounts falling due within one year	13	424	136
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	14	(424)	(136)
TOTAL ASSETS LESS CURRENT LIABILITIES		2,088	2,088
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	15	(2,082)	(2,082)
NET ASSETS		6	6
CAPITAL AND RESERVES			
Called up share capital	18	6	6
SHAREHOLDERS' FUNDS		6	6
Company's profit for the financial year		-	-

The financial statements were approved by the Board of Directors and authorised for issue on 8th January 2021 and were signed on its behalf by:



Martin Timothy Smith - Director

The notes form part of these financial statements

**Pyramid Schools (Tameside) Holdings
Limited (Registered number: 04317596)**

**Consolidated Statement of Changes in Equity
for the Year Ended 31 March 2020**

	Called up share capital £'000	Retained earnings £'000	Hedging reserves £'000	Total equity £'000
Balance at 1 April 2018	6	2,968	(2,143)	831
Changes in equity				
Profit for the year	-	510	-	510
Other comprehensive income	-	-	162	162
Total comprehensive income	-	510	162	672
Balance at 31 March 2019	6	3,478	(1,981)	1,503
Changes in equity				
Profit for the year	-	1	-	1
Other comprehensive income	-	-	137	137
Total comprehensive income	-	1	137	138
Balance at 31 March 2020	6	3,479	(1,844)	1,641

The notes form part of these financial statements

**Pyramid Schools (Tameside) Holdings
Limited (Registered number: 04317596)**

**Company Statement of Changes in Equity
for the Year Ended 31 March 2020**

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 April 2018	6	-	6
Changes in equity			
Profit for the year	-	-	-
Balance at 31 March 2019	6	-	6
Changes in equity			
Profit for the year	-	-	-
Balance at 31 March 2020	6	-	6

The notes form part of these financial statements

**Pyramid Schools (Tameside) Holdings
Limited (Registered number: 04317596)**

**Consolidated Cash Flow Statement
for the Year Ended 31 March 2020**

	Notes	2020 £'000	2019 £'000
Cash flows from operating activities			
Cash generated from operations	23	1,041	1,220
Tax paid		(252)	(303)
Net cash from operating activities		789	917
Cash flows from investing activities			
Interest received		1,040	1,043
Net cash from investing activities		1,040	1,043
Cash flows from financing activities			
Interest Paid		(628)	(786)
Secured Senior Loan		(642)	(516)
Net cash from financing activities		(1,270)	(1,302)
Increase in cash and cash equivalents		559	658
Cash and cash equivalents at beginning of year	24	3,332	2,674
Cash and cash equivalents at end of year	24	3,891	3,332

The notes form part of these financial statements

**Pyramid Schools (Tameside) Holdings
Limited (Registered number: 04317596)**

**Notes to the Consolidated Financial Statements
for the Year Ended 31 March 2020**

1. Statutory information

Pyramid Schools (Tameside) Holdings Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. Accounting policies

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The group has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A.

Basis of consolidation

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 (2019: £nil).

Going concern

Pyramid School (Tameside) Holdings Limited is a holding company with wholly owned subsidiary undertaking, Pyramid Schools (Tameside) Limited (the 'Project Company'). The Project company has a Credit Agreement with lenders. Under the agreement, Interserve PLC was acting as a parent company guarantee (PCG) entity for both the facilities management subcontractor, Interserve (Facilities Management) Limited, and the building subcontractor, Interserve Construction Limited, both of which were subsidiaries of Interserve PLC. On the 15 March 2019, Interserve PLC went into administration, as a result of which Interserve (Facilities Management) Limited and Interserve Construction Limited were sold to Interserve Group Limited, a newly incorporated private company controlled by its lenders.

Under the Credit Agreement with the lenders, if the PCG entity enters administration, this triggers an Event of Default. Once Interserve PLC entered administration, an Event of Default occurred. On 20 November 2020, an agreement has been reached accepting the PCG of Interserve Group Limited for Interserve Construction Limited and Interserve (Facilities Management) Limited. A lender consent letter was signed waiving the subsisting Event of Default. As a result, the company is no longer in default due to the administration of Interserve PLC.

As no such waiver has been received from the lender to uplift the Event of default as at the balance sheet date of the financial statements, the loans are classified as due within one year in the consolidated balance sheet.

Furthermore, on 25 June 2020 Interserve Group Limited and Mitie Group Plc announced that they had signed a Sale and Purchase Agreement for the merger of Interserve's Facilities Management (FM) businesses with that of Mitie Group Plc. On 30 November 2020 Mitie Group Plc completed the merger of Interserve's FM businesses and that with effect from 1 December 2020 Interserve's FM businesses are now owned by Mitie Group Plc. Services have not been affected by these changes.

**Pyramid Schools (Tameside) Holdings
Limited (Registered number: 04317596)**

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2020**

2. Accounting policies - continued

Going concern - continued

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.

The World Health Organisation declared the COVID-19 outbreak a health emergency on 30 January 2020 and a global pandemic on 11 March 2020. Many actions taken by the UK Government and the private sector to respond to the outbreak followed these announcements. A review of the financial impact on the group in responding to COVID-19 has been assessed as low. This is because the Company is still able to provide the services required under the PFI contract as the sub-contracted Facilities Management company remains able to meet its contractual obligations. This is because its work is deemed to be essential and its employees are deemed to be key workers according to the guidance notes released by the Infrastructure and Projects Authority on 2 April 2020.

Since the COVID-19 outbreak, the customer, the Tameside Metropolitan Borough Council, have continued making unitary payments in accordance with the Infrastructure and Projects Authority guidance note, and the onward payments to the Facilities Management company have continued to be paid in accordance with the Project Agreement.

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 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.

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 of the construction, 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 (Registered number: 04317596)**

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2020**

2. Accounting policies - continued

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.

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.

**Pyramid Schools (Tameside) Holdings
Limited (Registered number: 04317596)**

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2020**

2. Accounting policies - continued

Financial instruments - continued

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.

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, or exercised, or no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that 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.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2020**

2. 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.

Share capital

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

3. Critical accounting judgements and key 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 concessions

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 provided 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.

**Pyramid Schools (Tameside) Holdings
Limited (Registered number: 04317596)**

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2020**

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.

Cashflow certainty of hedges

Due to the event of default in early 2019, the bank loan of the PFI has been presented as a current liability. The default was caused due to the liquidation of the parent company guarantor (PCG). However, the company has resolved the issue with the bank to allocate Interserve Group Limited as the new guarantor of the loan, and a waiver of accepting new PCG has been signed on 20 November 2020, therefore will not affect the originally forecast and hedged payments under the facility.

The treatment presentation of the derivative as split between current and non-current and the application of hedge accounting have therefore remained unaffected. This is due to the repayments under the loan remaining highly probable, as the expectation is that the matters that give rise to the default are expected to be resolved post year end. The remaining repayments are anticipated to be made as per the repayment schedule in the bank and swap agreements.

4. Revenue

The revenue and profit before taxation are attributable to the one principal activity of the group.

An analysis of revenue by class of business is given below:

	2020	2019
	£'000	£'000
Turnover from operations	2,079	2,060
Turnover from pass throughs	1,261	898
	<u>3,340</u>	<u>2,958</u>

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 2).

Turnover is attributable to one geographical market, the United Kingdom. Turnover from pass throughs in the current year and previous year relate to deductions and variations.

5. Employees and directors

The company had no employees during the year (2019: nil).

6. Directors' emoluments

	2020	2019
	£	£
Directors' remuneration	<u>85,212</u>	<u>19,640</u>

Service fees were paid to the company's ultimate shareholders for the directors' services to the company during the year.

**Pyramid Schools (Tameside) Holdings
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**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2020**

7. Operating profit

The operating profit is stated after charging:

	2020 £'000	2019 £'000
Audit services for the audit of the company and subsidiary borne by the subsidiary	14	14
Taxation advisory services	5	7
	<u>19</u>	<u>21</u>

8. Interest receivable and similar income

	2020 £'000	2019 £'000
Bank interest	32	8
Interest receivable on financial asset	1,008	1,035
	<u>1,040</u>	<u>1,043</u>

9. Interest payable and similar expenses

	2020 £'000	2019 £'000
Senior loan interest	174	180
Swap interest paid	450	476
Payable to fellow subsidiary undertakings	291	266
Other finance cost	13	14
	<u>928</u>	<u>936</u>

10. Taxation

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2020 £'000	2019 £'000
Current tax:		
UK corporation tax	170	194
Current tax - prior year	-	(123)
Total current tax	<u>170</u>	<u>71</u>
Deferred tax:		
Deferred tax - timing differences, origination and reversal	137	132
Deferred tax - tax rate change	212	-
Total deferred tax	<u>349</u>	<u>132</u>
Tax on profit	<u>519</u>	<u>203</u>

UK corporation tax has been charged at 19% (2019 - 19%).

**Pyramid Schools (Tameside) Holdings
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**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2020**

10. Taxation - continued

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2020 £'000	2019 £'000
Profit before tax	<u>520</u>	<u>713</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	99	135
Effects of:		
Capital allowances in excess of depreciation	(11)	(13)
Adjustments to tax charge in respect of previous periods	-	(123)
Contract income posted directly to balance sheet	82	72
Deferred tax	137	132
Deferred tax - tax rate change	<u>212</u>	<u>-</u>
Total tax charge	<u>519</u>	<u>203</u>

Tax effects relating to effects of other comprehensive income

	Gross £'000	Tax £'000	2020 Net £'000
Fair value movement of derivatives	<u>110</u>	<u>27</u>	<u>137</u>
	Gross £'000	Tax £'000	2019 Net £'000
Fair value movement of derivatives	<u>195</u>	<u>(33)</u>	<u>162</u>

A change to the main UK corporation tax rate, announced in the Budget on 11 March 2020, was enacted on 17 March 2020. The rate applicable from 1 April 2020 now remains at 19%, rather than the previously enacted reduction to 17%. This tax rate change has been reflected in the calculation of deferred tax at the balance sheet date.

There is a deferred tax asset relating to the interest rate derivative which will unwind over the term of the hedging arrangement. All movements in the deferred tax have been recognised in other comprehensive income.

11. Individual statement of comprehensive income

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the parent company is not presented as part of these financial statements.

**Pyramid Schools (Tameside) Holdings
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**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2020**

12. Fixed asset investments

	Company	
	2020	2019
	£'000	£'000
Shares in group undertakings	6	6
Loans to group undertakings	2,082	2,082
	<u>2,088</u>	<u>2,088</u>

Additional information is as follows:

Company

	Shares in group undertakings £'000
Cost	
At 1 April 2019 and 31 March 2020	6
Net book value	
At 31 March 2020	6
At 31 March 2019	6

Company

	Loans to group undertakings £'000
At 1 April 2019 and 31 March 2020	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.

13. Debtors

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade debtors	177	91	-	-
Financial asset receivable (PFI contract)	490	430	-	-
Amounts owed by group undertakings	-	-	424	136
Deferred tax asset	85	27	-	-
Prepayments and other debtors	84	37	-	-
	<u>836</u>	<u>585</u>	<u>424</u>	<u>136</u>

**Pyramid Schools (Tameside) Holdings
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**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2020**

13. Debtors - continued

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Amounts falling due after more than one year:				
Financial asset receivable (PFI contract)	13,942	14,432	-	-
Deferred tax asset	348	379	-	-
	<u>14,290</u>	<u>14,811</u>	<u>-</u>	<u>-</u>
Aggregate amounts	<u>15,126</u>	<u>15,396</u>	<u>424</u>	<u>136</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.

14. Creditors: amounts falling due within one year

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Subordinated loan stock (see note 16)	424	136	424	136
Bank loans and overdrafts (see note 16)	9,111	9,740	-	-
Trade creditors	376	386	-	-
Corporation tax liability	45	261	-	-
VAT	111	102	-	-
Interest rate swap liability	446	156	-	-
Accruals	671	333	-	-
	<u>11,184</u>	<u>11,114</u>	<u>424</u>	<u>136</u>

The secured senior loan represents amounts borrowed under a facility agreement with Bank of Scotland. 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.

As at the balance sheet date, no waiver has been received from the lender to uplift the Event of default, the loans are classified as due within one year in the consolidated balance sheet.

15. Creditors: amounts falling due after more than one year

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Subordinated loan stock (see note 16)	2,082	2,082	2,082	2,082
Interest rate swap liability	1,830	2,231	-	-
	<u>3,912</u>	<u>4,313</u>	<u>2,082</u>	<u>2,082</u>

**Pyramid Schools (Tameside) Holdings
Limited (Registered number: 04317596)**

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2020**

15. Creditors: amounts falling due after more than one year - continued

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 debt represents amounts borrowed from the immediate parent company Pyramid Schools (Tameside) Holdings Limited at a rate of 12.75% and is unsecured. Principal is repayable upon expiry of the contract or earlier at the company's discretion.

16. Loans

An analysis of the maturity of loans is given below:

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Amounts falling due within one year or on demand:				
Subordinated loan stock	424	136	424	136
Senior secured loan	9,175	9,817	-	-
Unamortised issue costs	(64)	(77)	-	-
	<u>9,535</u>	<u>9,876</u>	<u>424</u>	<u>136</u>
Amounts falling due in more than five years:				
Repayable by instalments				
Subordinated loans	<u>2,082</u>	<u>2,082</u>	<u>2,082</u>	<u>2,082</u>

17. Provisions for liabilities

	Group	
	2020	2019
	£'000	£'000
Deferred tax	<u>2,280</u>	<u>1,798</u>

Group	Deferred tax
	£'000
Balance at 1 April 2019	1,798
Provided during year	137
Provided during year - tax rate change	212
Provision for DLPR	<u>133</u>
Balance at 31 March 2020	<u>2,280</u>

**Pyramid Schools (Tameside) Holdings
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**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2020**

17. Provisions for liabilities - continued

Deferred tax consists of the following:

	2020 £'000	2019 £'000
Depreciation in excess of capital allowances	(57)	(60)
Deferred receipts under contract	2,204	1,858
Provision for DLPR	133	-
Balance at end of year	<u>2,280</u>	<u>1,798</u>

The HMRC enquiry in the company's claims for Deemed lease premium relief (DLPR), has been resolved post year end, and the corporation tax relief obtained through the claims remains provided for as a liability.

18. Called up share capital

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2020 £	2019 £
6,000	Ordinary	£1	<u>6,000</u>	<u>6,000</u>

The company has 6,000 shares at £1 each, of which none carry rights to fixed income. All of the shares carry equal voting rights.

19. Reserves

Group

	Retained earnings £'000	Hedging reserves £'000	Totals £'000
At 1 April 2019	3,478	(1,981)	1,497
Profit for the year	1		1
Fair value reserves movement	-	110	110
Deferred tax on fair value reserves movement	-	(21)	(21)
Deferred tax on fair value reserves movement - tax rate	-	48	48
At 31 March 2020	<u>3,479</u>	<u>(1,844)</u>	<u>1,635</u>

Company

	Retained earnings £'000
Profit for the year	-
At 31 March 2020	<u>-</u>

**Pyramid Schools (Tameside) Holdings
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**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2020**

19. Reserves - continued

Hedge reserve

Derivatives that are designated and effective as hedging instruments carried at fair value, are shown below:

	2020	2019
	£'000	£'000
Interest rate swap on loans		
Fair value on interest swap liability at year end	(2,276)	(2,387)
Tax on above	432	406
	(1,844)	(1,981)

On 19 June 2002 the group 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 Lloyd Banking Group who has used relevant market data to determine their valuations.

20. 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.

21. Related party disclosures

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

Amounts payable at 31 March 2020 are included within trade creditors, accruals and deferred income and subordinated debt.

**Pyramid Schools (Tameside) Holdings
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**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2020**

21. Related party disclosures - continued

PPP Equity PIP LP

	2020	2019
	£'000	£'000
For services	7	45
Subordinated debt interest	146	133
Amount payable for subordinated debt principal	1,041	1,041
Amount payable for subordinated debt interest	212	66
	<u>212</u>	<u>66</u>

Aberdeen Infrastructure Partners LP Inc

	2020	2019
	£'000	£'000
For services	39	32
Subordinated debt interest	146	133
Amount payable for services	-	19
Amount payable for subordinated debt principal	1,041	1,041
Amount payable for subordinated debt interest	212	66
	<u>212</u>	<u>66</u>

Albany SPC Services Limited

	2020	2019
	£'000	£'000
For services	93	23
	<u>93</u>	<u>23</u>

22. Post balance sheet events

COVID-19

The World Health Organisation declared the COVID-19 outbreak a health emergency on 30 January 2020 and a global pandemic on 11 March 2020. Many actions taken by the UK Government and the private sector to respond to the outbreak followed these announcements. A review of the financial impact on the group in responding to COVID-19 has been assessed as low. This is because the Company is still able to provide the services required under the PFI contract as the sub-contracted Facilities Management company remains able to meet its contractual obligations. This is because its work is deemed to be essential and its employees are deemed to be key workers according to the guidance notes released by the Infrastructure and Projects Authority on 2 April 2020.

Since the COVID-19 outbreak, the customer, the Tameside Metropolitan Borough Council, have continued making unitary payments in accordance with the Infrastructure and Projects Authority guidance note, and the onward payments to the Facilities Management company have continued to be paid in accordance with the Project Agreement.

New PCG waiver

On 20 November 2020, an agreement has been reached accepting the PCG of Interserve Group Limited for Interserve Construction Limited and Interserve (Facilities Management) Limited. A lender consent letter was signed waiving the subsisting Event of Default. As a result, the company is no longer in default due to the administration of Interserve PLC.

Merger between Interserve Group Limited's facilities management businesses and Mitie Group Plc

On 25 June 2020 Interserve Group Limited and Mitie Group Plc announced that they had signed a Sale and Purchase Agreement for the merger of Interserve's Facilities Management (FM) businesses with that of Mitie Group Plc. On 30 November 2020 Mitie Group Plc completed the merger of Interserve's FM businesses and that with effect from 1 December 2020 Interserve's FM businesses are now owned by Mitie Group Plc. Services have not been affected by these changes.

**Pyramid Schools (Tameside) Holdings
Limited (Registered number: 04317596)**

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2020**

23. Reconciliation of profit before taxation to cash generated from operations

	2020	2019
	£'000	£'000
Profit before taxation	520	713
Finance costs	928	936
Finance income	(1,040)	(1,043)
	408	606
Decrease in trade and other debtors	296	304
Increase in trade and other creditors	337	310
Cash generated from operations	<u>1,041</u>	<u>1,220</u>

24. Cash and cash equivalents

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 March 2020

	31/3/20	1/4/19
	£'000	£'000
Cash and cash equivalents	<u>3,891</u>	<u>3,332</u>

Year ended 31 March 2019

	31/3/19	1/4/18
	£'000	£'000
Cash and cash equivalents	<u>3,332</u>	<u>2,674</u>

25. Analysis of changes in net debt

	At 1/4/19	Cash flow	Other non-cash changes	At 31/3/20
	£'000	£'000	£'000	£'000
Net cash				
Cash at bank and in hand	<u>3,332</u>	<u>559</u>		<u>3,891</u>
	<u>3,332</u>	<u>559</u>		<u>3,891</u>
Debt				
Debts falling due within 1 year	(9,876)	642	(301)	(9,535)
Debts falling due after 1 year	(2,082)	-	-	(2,082)
	<u>(11,958)</u>	<u>642</u>	<u>(301)</u>	<u>(11,617)</u>
Total	<u>(8,626)</u>	<u>1,201</u>	<u>(301)</u>	<u>(7,726)</u>