

Company Registration No. 5358400

TRANSFORM SCHOOLS (NORTH LANARKSHIRE) INTERMEDIATE LIMITED

REPORT AND FINANCIAL STATEMENTS

For the period ended 31 December 2005



TRANSFORM SCHOOLS (NORTH LANARKSHIRE) INTERMEDIATE LIMITED
DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2005

The directors have pleasure in submitting their annual report and audited financial statements for the period ended 31 December 2005.

Incorporation

The Company was incorporated on 9 February 2005.

Principal Activities and Business Review

The Company's principle activity is an investment company. It holds one ordinary share in Transform Schools (North Lanarkshire) Funding PLC.

Results and Dividends

The profit for the period after taxation amounted to £nil. The directors do not propose to pay any dividend in respect of the period ended 31 December 2005. The directors expect the Company to continue its operations for the foreseeable future.

Financial Risk Management

The Directors do not feel that the Company is exposed to any Financial Risk.

Supplier Payment Policy

The Company's policy is to pay suppliers thirty days from the date of receipt of the supplier's agreed invoice, unless otherwise contractually agreed, and this policy is made known to all suppliers on request. Trade creditors of the Company at 31 December were £nil.

Directors

The following persons were directors of the Company during the period :-

T M Company Services Limited	(Appointed 17 February 2005; Resigned 17 February 2005)
Reynard Nominees Limited	(Appointed 17 February 2005; Resigned 17 February 2005)
M. Archbold	(Appointed 17 February 2005; Resigned 25 April 2006)
J.D. Harris	(Appointed 17 February 2005; Resigned 7 July 2006)
M.J. Hudson	(Appointed 17 February 2005)
N.J.E. Crowther	(Appointed 17 February 2005)
C.L. Spencer	(Appointed 25 April 2006)

Directors' Share Interests

No director had any interest in the issued share capital of the Company or other group company.

TRANSFORM SCHOOLS (NORTH LANARKSHIRE) INTERMEDIATE LIMITED
DIRECTORS' REPORT (Continued)
FOR THE PERIOD ENDED 31 DECEMBER 2005

Auditors

The Company has appointed Deloitte & Touche LLP as auditors. The Company has elected to dispense with the obligation to appoint auditors annually and, accordingly, Deloitte & Touche LLP shall be deemed to be re-appointed as auditors for a further term under the provisions of section 386(2) of the Companies Act 1985.

Registered Office

The Company's Registered Office is 6th Floor, 350 Euston Road, Regent's Place, London, NW1 3AX.

By Order of the Board,

A handwritten signature in cursive script, appearing to read 'C.L. Spencer'.

C.L. Spencer
Director

31 July 2006

TRANSFORM SCHOOLS (NORTH LANARKSHIRE) INTERMEDIATE LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

TRANSFORM SCHOOLS (NORTH LANARKSHIRE) INTERMEDIATE LIMITED

INDEPENDENT AUDITORS' REPORT

To the Members of Transform Schools (North Lanarkshire) Intermediate Limited

We have audited the financial statements of Transform Schools (North Lanarkshire) Intermediate Limited for the period ended 31 December 2005, which comprise the Balance Sheet, the Cash Flow Statement and the related Notes numbered 1 to 12. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with the relevant financial reporting framework, and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

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

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its result for the period then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.


Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

London

31 July 2006

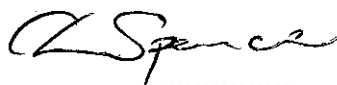
TRANSFORM SCHOOLS (NORTH LANARKSHIRE) INTERMEDIATE LIMITED
CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 DECEMBER 2005

	2005 £
Net cash inflow from operating activities	-
Net cash outflow from returns on investments and servicing of finance	-
Taxation	-
Net cash outflow from capital expenditure and financial investment	-
Net cash outflow from acquisitions	-
Equity dividends paid to shareholders	- <hr/>
Net cash flow before use of liquid resources and financing	- <hr/>
Net cash outflow from management of liquid resources	-
Net cash inflow from financing	- <hr/>
Increase/(decrease) in cash	- <hr/> <hr/>

TRANSFORM SCHOOLS (NORTH LANARKSHIRE) INTERMEDIATE LIMITED
BALANCE SHEET
AT 31 DECEMBER 2005

	Notes	2005 £
Fixed assets		
Investments	5	<u>1</u> <u>1</u>
Current assets		
Debtors	6	<u>2</u> <u>2</u>
Current liabilities		
Creditors: amounts falling due within one year	7	<u>(1)</u>
Net Current Assets		<u>1</u>
Total assets less current liabilities		<u>2</u>
Net assets		<u>2</u>
Capital and reserves		
Called-up share capital	8	2
Profit and loss account	9	-
Equity shareholders' funds	10	<u>2</u>

These financial statements were approved by the Board of Directors on 31 July 2006
and signed on its behalf by :-



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C.L. Spencer
Director

TRANSFORM SCHOOLS (NORTH LANARKSHIRE) INTERMEDIATE LIMITED
NOTES TO THE ACCOUNTS
FOR THE PERIOD ENDED 31 DECEMBER 2005

1 Accounting policies

A summary of the principal accounting policies of the Company, all of which have been applied consistently, throughout the period, is set out below:

(a) Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom law and accounting standards and under the historical cost convention.

(b) Investments

Investment in the subsidiary undertaking is stated at cost. The carrying value of this investment is reviewed annually by the directors to determine whether there has been any impairment to its value.

(c) Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.
 Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet 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 of income and expenditure in taxation computations in periods different from those in which they are included in 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.

(d) Profit and loss account

The Company has not traded on its own account during the current period and has made neither a profit or loss nor any other recognised gain or loss, consequently no profit and loss account has been prepared.

2 Remuneration of Directors and employees

Directors emoluments for the year amounted to £nil. The company has no employees.

3 Auditors' remuneration

The auditors' remuneration was borne by Transform Schools (North Lanarkshire) Limited in the current period.

4 Taxation

The results for the period do not give rise to a tax charge.

5 Investments

2005
£

Subsidiary Undertakings

Transform Schools (North Lanarkshire) Funding PLC
 1 Ordinary Share of £1 (At Cost)

1

6 Debtors

2005
£

Loans to Related Parties

2

TRANSFORM SCHOOLS (NORTH LANARKSHIRE) INTERMEDIATE LIMITED
NOTES TO THE ACCOUNTS (Continued)
FOR THE PERIOD ENDED 31 DECEMBER 2005

7 Creditors: amounts falling due within one year	2005 £
Amounts Due to Related Parties	<u>1</u>
8 Called up share capital	2005 £
<i>Authorised, issued and fully paid share capital</i> 2 Ordinary Shares of £1 each	<u>2</u>
9 Reserves	2005 £
<u>Profit and loss account</u> Profit / (loss) for the period At 31 December 2005	 <u>-</u> <u>-</u>
10 Reconciliation of movements in equity shareholders' funds	2005 £
Opening equity shareholders' funds	-
Shares issued in the period	2
Profit / (loss) in the period	-
Closing equity shareholders' funds	<u>2</u>

11 Controlling parties

The ultimate controlling parties are Balfour Beatty plc and Innisfree PFI Fund III in equal shares.

12 Related party transactions

During the period the company issued 2 shares to its parent undertakings, Balfour Beatty plc and Innisfree PFI Fund III. No cash was received during the period for these shares, as a result a debtor for £2 exists at 31 December 2005. During the period the company also purchased 1 share for £1 in Transform Schools (North Lanarkshire) Funding PLC. No cash was paid during the period for this investment, as a result a creditor for £1 exists at 31 December 2005.

Other than the above, no other related party transactions occurred during the period.