

Company Registration No 5358400

**TRANSFORM SCHOOLS (NORTH LANARKSHIRE) INTERMEDIATE LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

**For the year ended 31 December 2007**

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**TRANSFORM SCHOOLS (NORTH LANARKSHIRE) INTERMEDIATE LIMITED  
DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2007**

The directors have pleasure in submitting their annual report and audited financial statements for the year ended 31 December 2007

**Principal Activities and Business Review**

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

**Results and Dividends**

The profit for the year after taxation amounted to £Nil (2006: £Nil). The directors do not propose to pay any dividend in respect of the year ended 31 December 2007 (2006: £Nil). 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.

**Directors**

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

N J E Crowther	(resigned 12 December 2007)
M Fernandes	(appointed 12 December 2007)
C L Spencer	
M M B Ross	
R K Sheehan	

Since the end of the year

M M B Ross	(resigned 15 January 2008)
H M Wills	(appointed 15 January 2008)

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

- (1) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- (2) 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 audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

**TRANSFORM SCHOOLS (NORTH LANARKSHIRE) INTERMEDIATE LIMITED**  
**DIRECTORS' REPORT (Continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

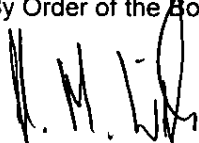
**Auditors**

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

**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 black ink, appearing to read 'H M Wills', written over a horizontal line.

H M Wills  
Director

31 July 2008

## **TRANSFORM SCHOOLS (NORTH LANARKSHIRE) INTERMEDIATE LIMITED STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the 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 estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company and Group will continue in business

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
TRANSFORM SCHOOLS (NORTH LANARKSHIRE) INTERMEDIATE LIMITED**

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 2007, which comprise the Balance Sheet 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 financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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

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

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

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

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and 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 2006,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.



Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

London

31 July 2008

**TRANSFORM SCHOOLS (NORTH LANARKSHIRE) INTERMEDIATE LIMITED**  
**BALANCE SHEET**  
**AT 31 DECEMBER 2007**

	Notes	2007 £	2006 £
<b>Fixed assets</b>			
Investments	5	<u>1</u>	<u>1</u>
		<u>1</u>	<u>1</u>
<b>Current assets</b>			
Debtors amounts falling due within one year	6	<u>2</u>	<u>2</u>
		<u>2</u>	<u>2</u>
<b>Current liabilities</b>			
Creditors amounts falling due within one year	7	<u>(1)</u>	<u>(1)</u>
		<u>1</u>	<u>1</u>
<b>Net current assets</b>		<u>1</u>	<u>1</u>
<b>Total assets less current liabilities</b>		<u>2</u>	<u>2</u>
<b>Net assets</b>		<u>2</u>	<u>2</u>
<b>Capital and reserves</b>			
Called-up share capital	8	<u>2</u>	<u>2</u>
Profit and loss account	9	<u>-</u>	<u>-</u>
<b>Shareholders' funds</b>	10	<u>2</u>	<u>2</u>

These financial statements were approved by the Board of Directors on 31 July 2008  
and signed on its behalf by -

  
H M Willis  
Director

**TRANSFORM SCHOOLS (NORTH LANARKSHIRE) INTERMEDIATE LIMITED**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

**1 Accounting policies**

A summary of the principal accounting policies of the Company, all of which have been applied consistently, throughout both the year and preceding 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 both the current year and preceding 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

*(e) Cash flow statement*

During both the current year and preceding period, there were no cash transactions entered into by the Company

**2 Remuneration of Directors and employees**

Directors' emoluments for the year amounted to £Nil (2006 £Nil). The company has no employees (2006 None)

**3 Auditors' remuneration**

The audit fee for the Company was borne by Transform Schools (North Lanarkshire) Limited in both the current year and preceding period and amounted to £1,000 (2006 £1,000)

**4 Taxation**

The results for both the current year and preceding period do not give rise to a tax charge

**5 Investments**

	2007 £	2006 £
<b>Subsidiary Undertakings</b>		
Transform Schools (North Lanarkshire) Funding plc		
1 Ordinary share of £1 (at cost)	<u>1</u>	<u>1</u>

**6 Debtors amounts falling due within one year**

	2007 £	2006 £
Loans to related parties	<u>2</u>	<u>2</u>

**TRANSFORM SCHOOLS (NORTH LANARKSHIRE) INTERMEDIATE LIMITED**  
**NOTES TO THE ACCOUNTS (Continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

<b>7 Creditors amounts falling due within one year</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Amounts due to related parties	<u>1</u>	<u>1</u>
<b>8 Called up share capital</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
<i>Authorised, issued and fully paid share capital</i>		
2 Ordinary Shares of £1 each	<u>2</u>	<u>2</u>
<b>9 Reserves</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
<u>Profit and loss account</u>		
At 1 January	-	-
Profit / (loss) for the period	<u>-</u>	<u>-</u>
At 31 December	<u>-</u>	<u>-</u>
<b>10 Reconciliation of movements in shareholders' funds</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Opening shareholders' funds	2	-
Shares issued in the period	<u>-</u>	<u>2</u>
Closing shareholders' funds	<u>2</u>	<u>2</u>

**11 Controlling parties**

The ultimate controlling parties are Balfour Beatty PLC and Innisfree Limited acting as manager for Innisfree PFI Fund III LP, in equal shares

**12 Related party transactions**

In 2005, the company issued 2 shares to its parent undertakings, Balfour Beatty plc and Innisfree PFI Fund III. No cash was received during the year for these shares, as a result a debtor for £2 exists at 31 December 2007 (2006 £2). In 2005, the company also purchased 1 share for £1 in Transform Schools (North Lanarkshire) Funding plc. No cash was paid during the year for this investment, as a result a creditor for £1 exists at 31 December 2007 (2006 £1).

Other than the above, no other related party transactions occurred during either the current year or preceding period.