

Company Registration No. 5358400

TRANSFORM SCHOOLS (NORTH LANARKSHIRE) INTERMEDIATE LIMITED

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2008

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TRANSFORM SCHOOLS (NORTH LANARKSHIRE) INTERMEDIATE LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2008

The directors have pleasure in presenting their annual report together with the audited financial statements and auditors' report for the year ended 31 December 2008.

The directors' report has been prepared in accordance with the special provisions relating to small companies under Section 246(4) of the Companies Act 1985.

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 (2007: £Nil). The directors do not propose to pay any dividend in respect of the year ended 31 December 2008 (2007: £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:-

M. Fernandes	(resigned 20 October 2008)
C.L. Spencer	
R.K. Sheehan	
H.M. Wills	(appointed 15 January 2008)
M.M.B. Ross	(resigned 15 January 2008)
J. Graham	(appointed 20 October 2008)

Provision of Information to Auditors

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 2008

Auditors

Deloitte 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 'Richard Sheehan'.

R.K. Sheehan
Director

27 April 2009

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 profit or loss of the Company 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;
- 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 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.

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

We confirm that to the best of our knowledge:

- a) the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of Transform Schools (North Lanarkshire) Intermediate Limited as at 31 December 2008; and
- b) the Directors' report includes a fair review of the development and performance of the business and the financial position of Transform Schools (North Lanarkshire) Intermediate Limited, together with a description of its principal risks and uncertainties.

Signed on behalf of the Board of Directors of Transform Schools (North Lanarkshire) Intermediate Limited on
27 April 2009



R.K. Sheehan
Director

**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 year ended 31 December 2008, which comprise the Balance Sheet and the related notes 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

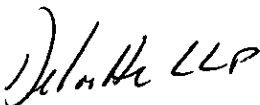
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 2008;
- 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 LLP
Chartered Accountants and Registered Auditors
London, United Kingdom
27 April 2009

TRANSFORM SCHOOLS (NORTH LANARKSHIRE) INTERMEDIATE LIMITED
BALANCE SHEET
AT 31 DECEMBER 2008

	Notes	2008 £	2007 £
Fixed assets			
Investments	5	<u>1</u>	<u>1</u>
		<u>1</u>	<u>1</u>
Current assets			
Debtors: amounts falling due within one year	6	<u>2</u>	<u>2</u>
		<u>2</u>	<u>2</u>
Current liabilities			
Creditors: amounts falling due within one year	7	<u>(1)</u>	<u>(1)</u>
		<u>1</u>	<u>1</u>
Net current assets		<u>1</u>	<u>1</u>
Total assets less current liabilities		<u>2</u>	<u>2</u>
Net assets		<u>2</u>	<u>2</u>
Capital and reserves			
Called up share capital	8	<u>2</u>	<u>2</u>
Profit and loss account	9	<u>-</u>	<u>-</u>
Shareholders' funds	10	<u>2</u>	<u>2</u>

These financial statements were approved by the Board of Directors on 27 April 2009 and signed on its behalf by :-

Richard Sheehan

R.K. Sheehan
Director

TRANSFORM SCHOOLS (NORTH LANARKSHIRE) INTERMEDIATE LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2008

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 year, 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.

The current economic conditions create some general uncertainty. The directors have reviewed the Group's supply chain and do not believe that any specific risk has been identified. The Directors have also considered the ability of the council to continue to pay unitary fees due under the concession contract to the Group and do not consider this to be a material risk. The Group's forecasts and projections, taking account of reasonably possible counterparty performance, show the Group expects to be able to continue to operate for the full term of the concession. After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

(b) Investments

Investment in the subsidiary undertaking is stated at cost less provision for impairment. 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 substantively 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. Consequently, no cash flow statement has been prepared.

2 Remuneration of Directors and employees

Directors' emoluments for the year amounted to £Nil (2007: £Nil). The company has no employees (2007: 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 year and amounted to £1,000 (2007: £1,000).

4 Taxation

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

TRANSFORM SCHOOLS (NORTH LANARKSHIRE) INTERMEDIATE LIMITED
NOTES TO THE ACCOUNTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2008

5 Investments	2008	2007
	£	£
Subsidiary Undertakings		
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	2008	2007
	£	£
Loans to related parties	<u>2</u>	<u>2</u>
7 Creditors: amounts falling due within one year	2008	2007
	£	£
Amounts due to Transform Schools (North Lanarkshire) Funding Plc	<u>1</u>	<u>1</u>
8 Called up share capital	2008	2007
	£	£
<i>Allotted, issued and fully paid share capital</i>		
2 Ordinary Shares of £1 each	<u>2</u>	<u>2</u>
9 Profit and loss account	2008	2007
	£	£
At 1 January	-	-
Result for the year	-	-
At 31 December	<u>-</u>	<u>-</u>
10 Reconciliation of movements in shareholders' funds	2008	2007
	£	£
Opening shareholders' funds	2	-
Shares issued in the period	-	2
Closing shareholders' funds	<u>2</u>	<u>2</u>

11 Controlling parties

The ultimate controlling parties are respectively Balfour Beatty Plc and Innisfree Limited acting as manager for Innisfree PFI Fund III LP. The company is jointly controlled by Balfour Beatty Infrastructure Investments Limited and Innisfree Nominees Limited.

12 Related party transactions

In 2005, the company issued two 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 2008 (2007: £2). In 2005, the company also purchased one 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 2008 (2007: £1).

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