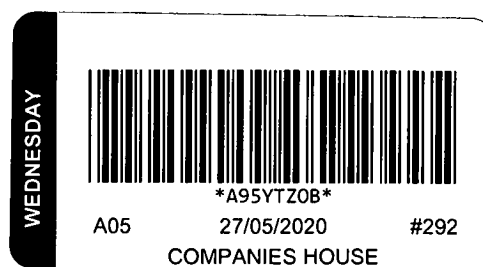


Company Registration No. 05358400 (England and Wales)

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

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019



TRANSFORM SCHOOLS (NORTH LANARKSHIRE) INTERMEDIATE LIMITED

COMPANY INFORMATION

Directors	Mr D Brooking Miss K O'Brien Mr R Gillespie Mr C James
Secretary	HCP Social Infrastructure (UK) Limited
Company number	05358400
Registered office	8 White Oak Square London Road Swanley Kent BR8 7AG
Auditor	KPMG LLP 66 Queen Square Bristol BS1 4BE

TRANSFORM SCHOOLS (NORTH LANARKSHIRE) INTERMEDIATE LIMITED

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TRANSFORM SCHOOLS (NORTH LANARKSHIRE) INTERMEDIATE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their annual report and financial statements for the year ended 31 December 2019.

Principal activities

The Company's principal activity is an investment Company. It holds one ordinary share in Transform Schools (North Lanarkshire) Funding plc; a company that finances a Private Finance Initiative concession contract.

The Company was dormant during the current and previous year, accordingly no Key Performance Indicators have been reported.

Financial reporting, risk and internal controls

The Company has outsourced the financial reporting function to HCP Social Infrastructure (UK) Limited (HCP). Authorities remain vested in the board members of Company. The board receives regular reports from HCP which specifically summarise and address the financial, contractual and commercial risks that the company is exposed to, and are pertinent to the industry in which the company operates.

The Board also receives quarterly management accounts with explanations of variances from annual budgets and forecasts, which are in turn compared to the Financial Model, which represents the long term business plan of the company and outlines its ability to comply with its debt obligations and covenants. Material deviations from the business plan are investigated and reported on. Supporting this process, HCP evaluates its performance under the framework of an Internal Audit and Assessment programme which sits within its own Corporate Governance framework.

This process ensures that the project remains robust and viable throughout the life of the contract.

Results and dividends

The Company has not traded on its own account during the current year and has made neither profit or loss nor any other recognised gain or loss, consequently no profit and loss account has been prepared (2018: £nil).

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr D Brooking
Miss K O'Brien
Mr R Gillespie
Mr C James

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

TRANSFORM SCHOOLS (NORTH LANARKSHIRE) INTERMEDIATE LIMITED

DIRECTORS' REPORT (CONTINUED)

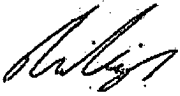
FOR THE YEAR ENDED 31 DECEMBER 2019

Registered office

The Company's Registered Office is 8 White Oak Square, Swanley, Kent, BR8 7AG.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption. Accordingly no strategic report has been prepared.

On behalf of the board



Mr R Gillespie

Director

30 April 2020

TRANSFORM SCHOOLS (NORTH LANARKSHIRE) INTERMEDIATE LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors are responsible for preparing 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the 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;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TRANSFORM SCHOOLS (NORTH LANARKSHIRE) INTERMEDIATE LIMITED

Opinion

We have audited the financial statements of Transform Schools (North Lanarkshire) Intermediate Limited ("the company") for the year ended 31 December 2019 which comprise the Profit and Loss Account, the Balance sheet and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its result for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF TRANSFORM SCHOOLS (NORTH LANARKSHIRE) INTERMEDIATE LIMITED

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Huw Brown (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

66 Queen Square
Bristol
BS1 4BE
30 April 2020

TRANSFORM SCHOOLS (NORTH LANARKSHIRE) INTERMEDIATE LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2019

The Company has not traded during the current year or previous year and has made neither a profit nor any other recognised gain or loss.

The accompanying notes form part of these financial statements.

TRANSFORM SCHOOLS (NORTH LANARKSHIRE) INTERMEDIATE LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2019

	Notes	2019 £'000	£'000	2018 £'000	£'000
Fixed assets					
Investments	5		1		1
Current assets					
Debtors	7	2		2	
Creditors: amounts falling due within one year	8	(1)		(1)	
Net current assets			1		1
Total assets less current liabilities			2		2
Capital and reserves					
Called up share capital	9		2		2

The financial statements were approved by the board of directors and authorised for issue on 30 April 2020 and are signed on its behalf by:



Mr R Gillespie
Director

Company Registration No. 05358400

The accompanying notes form part of these financial statements.

TRANSFORM SCHOOLS (NORTH LANARKSHIRE) INTERMEDIATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Company information

Transform Schools (North Lanarkshire) Intermediate Limited is a private company limited by shares incorporated in England and Wales. The registered office is 8 White Oak Square, London Road, Swanley, Kent, BR8 7AG.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of number of shares outstanding from the beginning to the end of the period;
- Cash flow statement and related notes; and
- Key management personnel compensation.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

TRANSFORM SCHOOLS (NORTH LANARKSHIRE) INTERMEDIATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.2 Going concern

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors have prepared cash flow forecasts covering a period of 17 months from the date of approval of these financial statements which indicate that, taking account of severe but plausible downsides, the Company will have sufficient funds to meet its liabilities as they fall due for that period. In order to settle its own financial obligations the Company is dependent on Transform Schools (North Lanarkshire) Limited, a fellow group company with common directors, generating sufficient cashflows to settle the inter-company receivable balance outstanding at 31 December 2019. Those forecasts are dependent on Transform Schools (North Lanarkshire) Limited's underlying customer continuing to meet its obligations under the Project Agreement which are underwritten by the Secretary of State for Education.

In making this assessment the Directors have considered the potential impact of the emergence and spread of COVID-19.

Transform Schools (North Lanarkshire) Limited's operating cash inflows are largely dependent on unitary charge receipts receivable from North Lanarkshire Council and the Directors expect these amounts to be received even in reasonably possible downside scenarios.

Transform Schools (North Lanarkshire) Limited continues to provide the asset in accordance with the contract and is available to be used. As a result, the company does not believe there is any likelihood of a material impact to the unitary payment.

The Directors have assessed the viability of Transform Schools (North Lanarkshire) Limited's main sub-contractors and reviewed the contingency plans of the sub-contractors and are satisfied in their ability to provide the services in line with the contract without significant additional costs to Transform Schools (North Lanarkshire) Limited, even in downside scenarios, due to the underlying contractual terms. To date, there has been no adverse impact on the services provided by the company or its sub-contractors arising from COVID-19. However, in the unlikely event of a subcontractor failure, Transform Schools (North Lanarkshire) Limited has its own business continuity plans to ensure that service provision will continue.

The Directors believe Transform Schools (North Lanarkshire) Limited has sufficient funding in place and expect the Group to be in compliance with its debt covenants even in severe but plausible downside scenarios.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

1.3 Fixed asset investments

Investments are stated at cost less impairment. The carrying value of this investment is reviewed annually by the Directors to determine whether there has been any impairment to its value.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

TRANSFORM SCHOOLS (NORTH LANARKSHIRE) INTERMEDIATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

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. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

1.3 Fixed asset investments (continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

2 Auditor's Remuneration

	2019 £'000	2018 £'000
Fees payable to the company's auditors for the audit of the company's financial statements	1	1

The auditor's remuneration was borne by Transform Schools (North Lanarkshire) Limited.

3 Employees

There were no employees during the year (2018: none).

4 Directors' remuneration

No Director received any remuneration from the Company during the year (2018: £nil). Directors are remunerated by the shareholder who employs them and their remuneration in respect of the Company is considered immaterial.

TRANSFORM SCHOOLS (NORTH LANARKSHIRE) INTERMEDIATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

5 Fixed asset investments

	2019 £'000	2018 £'000
Investments	1	1
	<u>1</u>	<u>1</u>

Fixed asset investment represents an equity investment in a fellow group undertaking. The investment is carried at historical cost.

Movements in fixed asset investments

	Shares £'000
Cost	
At 1 January 2019 & 31 December 2019	1
	<u>1</u>
Carrying amount	
At 31 December 2019	1
	<u>1</u>
At 31 December 2018	1
	<u>1</u>

6 Subsidiaries

Details of the company's subsidiaries at 31 December 2019 are as follows:

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Held	
			Direct	Indirect
Transform Schools (North Lanarkshire) Funding plc	Great Britain Financiing Company	Ordinary shares	0.002%	-

The registered office of the above subsidiary is 8 White Oak Square, London Road, Swanley, Kent, BR8 7AG.

7 Debtors

	2019 £'000	2018 £'000
Amounts falling due within one year:		
Amounts due from related parties	2	2
	<u>2</u>	<u>2</u>

8 Creditors: amounts falling due within one year

	2019 £'000	2018 £'000
Amounts owed to group undertakings	1	1
	<u>1</u>	<u>1</u>

TRANSFORM SCHOOLS (NORTH LANARKSHIRE) INTERMEDIATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

9 Called up share capital

	2019 £	2018 £
Ordinary share capital		
Issued and fully paid		
2 ordinary shares of £1 each	2	2
	<u>2</u>	<u>2</u>

10 Related party transactions

In 2005, the company issued two shares to its parent undertakings. No cash was received during the year for these shares, as a result a debtor for £2 exists at 31 December 2019 (2018: £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 2019 (2018: £1).

During the year, the Company was under the management of HCP Social Infrastructure (UK) Limited under a management services agreement. HCP is beneficially owned by Innisfree M&G PPP LP and is therefore a related party to Innisfree Limited, which is a nominee shareholder of the Transform Schools (North Lanarkshire) group.

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

11 Parent company

The ultimate parent undertakings of Transform Schools (North Lanarkshire) Intermediate Ltd (registered office 8 White Oak Square, London Road, Swanley, Kent, BR8 7AG) are Equitix Education 2 (registered office 10-11 Charterhouse Square, London, EC1M 6EH) and two limited partnerships, Innisfree PFI Secondary Fund (registered office 1st Floor, Boundary House, 91-93 Charterhouse Street, London, United Kingdom, EC1M 6HR) and Innisfree PFI Secondary Fund 2 LP (registered office 1st Floor, Boundary House, 91-93 Charterhouse Street, London, United Kingdom, EC1M 6HR), managed by Innisfree Limited. (registered office 1st Floor, Boundary House, 91-93 Charterhouse Street, London, United Kingdom, EC1M 6HR). The Company has no ultimate controlling party.