

Company Registration No. 05358471 (England and Wales)

**TRANSFORM SCHOOLS (NORTH LANARKSHIRE) FUNDING PLC**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

THURSDAY



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# TRANSFORM SCHOOLS (NORTH LANARKSHIRE) FUNDING PLC

## COMPANY INFORMATION

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<b>Directors</b>	Mr D Brooking	(Appointed 26 August 2015)
	Miss J Crouch	(Appointed 18 August 2015)
	Miss K O'Brien	(Appointed 2 January 2015)
	Mr R Sheehan	

<b>Secretary</b>	HCP Social Infrastructure (UK) Limited
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<b>Company number</b>	05358471
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<b>Registered office</b>	8 White Oak Square London Road Swanley Kent BR8 7AG
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<b>Auditors</b>	KPMG LLP Arlington Business Park Theale Reading RG7 4SD
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# **TRANSFORM SCHOOLS (NORTH LANARKSHIRE) FUNDING PLC**

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# TRANSFORM SCHOOLS (NORTH LANARKSHIRE) FUNDING PLC

## STRATEGIC REPORT

**FOR THE YEAR ENDED 31 DECEMBER 2015**

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The directors present the strategic report and financial statements for the year ended 31 December 2015.

### **Fair review of the business**

During the year the Company was able to fully service all of its debt requirements and therefore the Directors consider that the performance of the Company was satisfactory.

### **Financial performance and financial position**

The result for the year after taxation amounted to £nil (2014: £nil).

Financial covenants have been met during the year, and having considered the anticipated future performance and position of the company, the directors are of the opinion that the covenants will continue to be met in the future.

### **Key performance indicators**

The key performance indicator is that the Company is able to service the funding requirements through interest and capital repayments. This is achieved through the successful operation of Transform Schools (North Lanarkshire) Limited's PFI concession contract and that its net cash flow is in line with or better than forecast. The directors can report that the company was able to meet all of its funding requirements during the year under review.

### **Principal risks and uncertainties**

The Company recognises that effective risk management is fundamental to achieving its business objectives in order to meet its commitments in financing the PFI contract. Risk management contributes to the success of the business by identifying opportunities and anticipating risks in order to improve business performance and fulfil the Company's contractual obligations.

The financial statements also include details of the Company's financial risk management objectives and policies, and its exposure to price risk, credit risk, liquidity risk, interest risk and cash flow risk.

### **Financial risk management objectives and policies**

The Company has outsourced the financial reporting function to HCP Social Infrastructure (UK) Limited (HCP). Authorities remain vested in the board members of the Company. HCP reports regularly to the board of the 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.

# **TRANSFORM SCHOOLS (NORTH LANARKSHIRE) FUNDING PLC**

## **STRATEGIC REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 DECEMBER 2015***

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### **Going concern**

The Company believes that future economic benefits will cover the obligations that arose from the financing of the construction of the project for North Lanarkshire Council.

The directors have also considered the ability of North Lanarkshire Council (the Council) to continue to pay the Unitary fees, due under the Concession contract, to the Company and do not consider this to be a material risk. The Company's forecasts and projections, taking into account reasonably possible counterparty performance, show the Company 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 Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

On behalf of the board



Mr R Sheehan

**Director**

18 April 2016

# TRANSFORM SCHOOLS (NORTH LANARKSHIRE) FUNDING PLC

## DIRECTORS' REPORT

**FOR THE YEAR ENDED 31 DECEMBER 2015**

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The directors present their annual report and financial statements for the year ended 31 December 2015.

### Principal activities

The Company's principal activity is the financing of a Private Finance Initiative (PFI) concession contract with North Lanarkshire Council.

On 8 June 2005, the Company issued £87,796,000 index-linked bonds and took out an index-linked loan of £70,000,000. The proceeds less issue costs were loaned on the same terms to a fellow subsidiary of Transform Schools (North Lanarkshire) Holdings Limited, Transform Schools (North Lanarkshire) Limited.

The Directors expect the activities to continue on this basis.

### Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

### 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	(Appointed 26 August 2015)
Miss J Crouch	(Appointed 18 August 2015)
Miss K O'Brien	(Appointed 2 January 2015)
Mr R Sheehan	
Mr J Graham	(Resigned 26 August 2015)
Mr J Haan	(Resigned 2 January 2015)
Mr S Jones	(Resigned 18 August 2015)

### 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.

### Auditors

The auditors, KPMG LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

### Statement of disclosure to auditors

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 auditors are 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 auditors are aware of that information.

### Registered office

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

# **TRANSFORM SCHOOLS (NORTH LANARKSHIRE) FUNDING PLC**

## **DIRECTORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 DECEMBER 2015***

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On behalf of the board



Mr R Sheehan

**Director**

18 April 2016

# **TRANSFORM SCHOOLS (NORTH LANARKSHIRE) FUNDING PLC**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 DECEMBER 2015***

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The directors are responsible for preparing the 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 Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS102 *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 accounting 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; and
- 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 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 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.



# **TRANSFORM SCHOOLS (NORTH LANARKSHIRE) FUNDING PLC**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF TRANSFORM SCHOOLS (NORTH LANARKSHIRE) FUNDING PLC**

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We have audited the financial statements of Transform Schools (North Lanarkshire) Funding plc for the year ended 31 December 2015 set out on pages 8 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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.

#### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its result 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.

#### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

# TRANSFORM SCHOOLS (NORTH LANARKSHIRE) FUNDING PLC

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF TRANSFORM SCHOOLS (NORTH LANARKSHIRE) FUNDING PLC

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#### Matters on which we are required to report by exception

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, 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.



**Amanda Moses**

**(Senior Statutory Auditor)**

**for and on behalf of KPMG LLP, Statutory Auditor**

**Chartered Accountants**

Arlington Business Park

Theale

Reading

RG7 4SD

27 April 2016

# TRANSFORM SCHOOLS (NORTH LANARKSHIRE) FUNDING PLC

## STATEMENT OF INCOME AND RETAINED EARNINGS

FOR THE YEAR ENDED 31 DECEMBER 2015

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	Notes	2015 £'000	2014 £'000
Interest receivable and similar income	4	10,049	10,274
Interest payable and similar charges	5	(10,049)	(10,274)
		<hr/>	<hr/>
<b>Result before taxation</b>		-	-
		<hr/>	<hr/>
Taxation	6	-	-
		<hr/>	<hr/>
<b>Result for the financial year</b>		-	-
		<hr/>	<hr/>
<b>Total comprehensive income for the year</b>		-	-
		<hr/>	<hr/>
Retained earnings at 1 January 2015		-	-
		<hr/>	<hr/>
Retained earnings at 31 December 2015		-	-
		<hr/>	<hr/>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

# TRANSFORM SCHOOLS (NORTH LANARKSHIRE) FUNDING PLC

## BALANCE SHEET

AS AT 31 DECEMBER 2015

	Notes	2015 £'000	2014 £'000
<b>Current assets</b>			
Debtors falling due after one year	8	172,057	174,458
Debtors falling due within one year	8	8,372	8,544
		<u>180,429</u>	<u>183,002</u>
<b>Creditors: amounts falling due within one year</b>	10	(8,372)	(8,544)
Net current assets		172,057	174,458
<b>Creditors: amounts falling due after more than one year</b>	11	(172,007)	(174,408)
<b>Net assets</b>		<u>50</u>	<u>50</u>
<b>Capital and reserves</b>			
Called up share capital	12	50	50

The financial statements were approved by the board of directors and authorised for issue on 18 April 2016 and are signed on its behalf by:



Mr R Sheehan  
Director

Company Registration No. 05358471

# TRANSFORM SCHOOLS (NORTH LANARKSHIRE) FUNDING PLC

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

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### 1 Accounting policies

#### Company information

Transform Schools (North Lanarkshire) Funding plc is a limited company domiciled and 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.

These financial statements for the year ended 31 December 2015 are the first financial statements of Transform Schools (North Lanarkshire) Funding plc prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 January 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. On first time adoption of FRS 102, the Company has not retrospectively changed its accounting under old UK GAAP for accounting estimates.

The Company's parent undertaking, Transform Schools (North Lanarkshire) Holdings Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Transform Schools (North Lanarkshire) Holdings Limited are prepared in accordance with FRS102 and are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ. 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 preparation and disclosure of the Cash Flow Statement and related notes.

#### 1.2 Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report and Directors' Report. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are described in note 7 to the financial statements. This note to the financial statements includes the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit risk and liquidity risk.

The directors have considered the ability of Transform Schools (North Lanarkshire) Limited (a related company) to pay interest amounts due to the Company and do not consider this to be a material risk. After making enquiries, the directors have a reasonable expectation that the Company 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.

# TRANSFORM SCHOOLS (NORTH LANARKSHIRE) FUNDING PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

### 1 Accounting policies (Continued)

#### 1.3 Financial instruments

The Company has elected to apply the provisions of Section 11 "Basic Financial Instruments" of FRS102 to all of its financial instruments. Financial instruments are recognised in the Company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset with 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.

##### *Trade and other debtors / creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

##### *Interest-bearing borrowings classified as basic financial instruments*

Senior secured bonds and term loans are initially stated at the amount of the net proceeds after deduction of related issue costs. The carrying amount is increased by the finance cost in respect of the accounting period and reduced by payments made in that period. The index-linked secured bonds and index-linked secured term loan are each valued at amortised cost, using the effective interest rate method, taking account of projected indexation across the term of the liability.

Issue costs are written off to the profit and loss account, over the term of the debt on a straight line basis.

#### 1.4 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

### 2 Auditors' remuneration

	2015 £'000	2014 £'000
Fees payable to the company's auditor and its associates:		
<b>For audit services</b>		
Audit of the company's financial statements	1	1

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

### 3 Employees

There were no employees during the year (2014: none).

### 4 Interest receivable and similar income

	2015 £'000	2014 £'000
<b>Interest income</b>		
Interest on loan to Transform Schools (North Lanarkshire) Limited	10,049	10,274

# TRANSFORM SCHOOLS (NORTH LANARKSHIRE) FUNDING PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

### 5 Interest payable and similar charges

	2015	2014
	£'000	£'000
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	5,906	6,078
Interest on bonds	2,221	2,284
Other finance charges	276	283
Interest on subordinated loans	1,427	1,410
Amortisation of finance arrangement costs	219	219
	<u>10,049</u>	<u>10,274</u>

### 6 Taxation

The results for the year do not give rise to a tax charge (2014: £nil).

### 7 Financial instruments

The Company's financial instruments include borrowings. The main purpose of these financial instruments is to raise finance for the Transform Schools (North Lanarkshire) Group operations. The Company has not entered into derivative transactions. It is, and has been throughout the period under review, the Company's policy that no trading in financial instruments be undertaken. The main risks arising from the Company's financial instruments are interest rate risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. These policies have remained unchanged throughout the period.

#### *Interest rate risk / Inflation risk*

The Company's exposure to adverse movements in interest rates and inflation on its borrowings is matched by an equal but opposite exposure on amounts owing from Transform Schools (North Lanarkshire) Limited with the same maturity.

#### *Capital risk management*

The Company manages its capital to ensure it is able to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital. The capital structure of the Company comprises equity attributable to equity holders consisting of ordinary share capital, reserves and retained earnings as disclosed in Notes 12 and 13.

#### *Liquidity risk*

The Company's policy throughout the year has been that, to ensure continuity of funding, all of its borrowings should be matched by amounts owing from Transform Schools (North Lanarkshire) Limited with the same maturity.

#### *Credit risk*

The Company's credit risk is primarily attributable to its other receivables however this is mitigated as the counterparties are all related parties.

# TRANSFORM SCHOOLS (NORTH LANARKSHIRE) FUNDING PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

(Continued)

### 7 Financial instruments

#### Interest rate profile

The interest rate profile of the Company's financial liabilities was £179,091,000 (2014: £181,640,000).

The index-linked bonds have interest payable at a rate of 2.343% plus RPI indexation on a principal amount that is also subject to RPI indexation.

The bank term loan has interest payable at a rate of 1.950% plus RPI indexation on a principal amount that is also subject to RPI indexation.

The loan stock has interest payable at a rate of 7.550% above the six month LIBOR rate.

#### Borrowing facilities

The Company had no more undrawn committed borrowing facilities at 31 December 2015 (2014: £nil).

#### Fair values

The fair values of the index-linked loan, index-linked bond and the subordinated debt have been calculated by discounting the expected future cash flows at prevailing interest rates. Expected future cash flows have been calculated assuming that future increases in the Retail Price Index are constant at 2.5%. The UK gilt yield curve and an assumed credit spread of 1% for the index-linked loan, 1% for the index-linked bond and 1% for the subordinated debt, have been used as appropriate discount rates.

	2015		2014	
	Book value	Fair value	Book value	Fair value
	£'000	£'000	£'000	£'000
Index-linked bonds	89,673	103,906	91,102	109,633
Index-linked loans	72,334	79,506	73,454	83,648
Subordinated loan stock	17,084	34,073	17,084	34,102
	<u>179,091</u>	<u>217,485</u>	<u>181,640</u>	<u>227,383</u>

### 8 Debtors

	2015	2014
	£'000	£'000
<b>Amounts falling due within one year:</b>		
Amounts due from fellow group undertakings	<u>8,372</u>	<u>8,544</u>
<b>Amounts falling due after one year:</b>		
Amounts due from fellow group undertakings	<u>172,057</u>	<u>174,458</u>
<b>Total debtors</b>	<u>180,429</u>	<u>183,002</u>



# TRANSFORM SCHOOLS (NORTH LANARKSHIRE) FUNDING PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

### 8 Debtors

(Continued)

Amounts owing from Transform Schools (North Lanarkshire) Limited comprise a loan which is made up of the proceeds of £87,796,000 index linked secured bonds, a £70,000,000 loan from European Investment Bank, £17,194,683 subordinated loan stock and a £50,000 direct loan. The balance is stated after the deduction of amortised issue costs of £4,303,000 (2014: £4,524,000). The terms and conditions applicable to the amounts owing from Transform Schools (North Lanarkshire) Limited are the same as those applicable to the borrowings of Transform Schools (North Lanarkshire) Funding plc (see Note 9).

### 9 Loans and overdrafts

	2015 £'000	2014 £'000
Bank loans	72,334	73,454
Bonds	89,673	91,102
Subordinated loans	17,084	17,084
	<u>179,091</u>	<u>181,640</u>
Payable within one year	7,084	7,232
Payable after one year	<u>172,007</u>	<u>174,408</u>
Amounts included above which fall due after five years:		
Payable by instalments	<u>145,956</u>	<u>148,928</u>

The index-linked secured bonds due 2036 of £87,796,000 were created on 8 June 2005, all of which were issued and sold. Interest on the bonds is payable semi-annually at a rate of 2.343% plus RPI indexation, commencing on 30 September 2005. Unless previously redeemed or purchased and cancelled, the bonds will mature on 31 March 2036. The principal amount outstanding of the bonds is adjusted semi-annually for RPI indexation. The indexation ratio is calculated as the RPI for the month, eight months prior to the payment date compared against the same month in the preceding year.

The index linked bank secured term loan is from the European Investment Bank with repayments commencing September 2008 and semi-annually thereafter until September 2034. The loan bears interest at a rate of 1.950% plus RPI indexation. The capital amount outstanding of the loan is adjusted semi-annually for RPI indexation. The indexation ratio is calculated as the RPI for the month, eight months prior to the payment date compared against the same month in the preceding year.

The bank loan has attached certain covenants regarding, inter alia, performance of the company and Transform Schools (North Lanarkshire) Limited of financial and non-financial obligations under the PFI contracts. In the current and prior years, the company was fully compliant with all covenants.

The above borrowings are secured by a fixed and floating charge over the whole of the Company's undertaking and assets.

The secured subordinated loan stock bears interest at 7.550% above the six month LIBOR rate, and is repayable in instalments between 2009 and 2033. It is secured by second fixed and floating charges over the undertaking, property, assets and rights of the Company.

# TRANSFORM SCHOOLS (NORTH LANARKSHIRE) FUNDING PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

### 10 Creditors: amounts falling due within one year

	Notes	2015 £'000	2014 £'000
Loans and overdrafts	9	7,084	7,232
Accrued interest		1,288	1,312
		<u>8,372</u>	<u>8,544</u>

### 11 Creditors: amounts falling due after more than one year

	Notes	2015 £'000	2014 £'000
Loans and overdrafts	9	<u>172,007</u>	<u>174,408</u>

### 12 Share capital

	2015 £'000	2014 £'000
<b>Ordinary share capital</b>		
<b>Authorised</b>		
50,000 Ordinary of £1 each	<u>50</u>	<u>50</u>
<b>Issued and fully paid</b>		
50,000 Ordinary of £1 each	<u>50</u>	<u>50</u>

### 13 Related party transactions

At 31 December 2015, the subordinated loan stock totalled £17,083,641, divided between Equitix Education 2 Limited, £8,541,821 (2014: £8,541,821) and Innisfree Nominees Limited £8,541,820 (2014: £8,541,820) split between Innisfree PFI Secondary Fund LP (ISF) and Innisfree PFI Secondary Fund 2 LP (ISF2) in the ratio 16% to 34% respectively.

Subordinated debt interest accrued at 31 December 2015 totalled £364,396 (2014: £360,364), divided between Equitix Education 2 Limited for £182,198 and Innisfree Nominees Limited for £182,198 split between ISF and ISF2 in the ratio noted above.

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.

As a wholly-owned subsidiary of Transform Schools (North Lanarkshire) Holdings Limited, the company has taken advantage of the exemption in Section 33 of FRS102 'Related party disclosures' from disclosing related party transactions with other group companies within these financial statements.

# **TRANSFORM SCHOOLS (NORTH LANARKSHIRE) FUNDING PLC**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

***FOR THE YEAR ENDED 31 DECEMBER 2015***

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### **14 Controlling party**

The Company is a subsidiary of Transform Schools (North Lanarkshire) Holdings Limited, which is incorporated in Great Britain and registered in England and Wales. The ultimate parent undertakings of Transform Schools (North Lanarkshire) Holdings Ltd are Equitix Education 2 and two limited partnerships, Innisfree PFI Secondary Fund and Innisfree PFI Secondary Fund 2 LP, managed by Innisfree Limited. The Company has no ultimate controlling party.

The only company in which the result of Transform Schools (North Lanarkshire) Funding plc is consolidated is Transform Schools (North Lanarkshire) Holdings Limited. Copies of the financial statements are available from the registered office at 8 White Oak Square, London Road, Swanley, Kent, London BR8 7AG.