

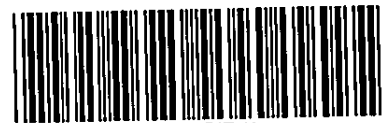
Company Registration No 06096173

**PYRAMID SCHOOLS PLYMOUTH
(HOLDINGS) LIMITED**

Report and Financial Statements

30 September 2009

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PYRAMID SCHOOLS PLYMOUTH (HOLDINGS) LIMITED

REPORT AND FINANCIAL STATEMENTS 2009

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PYRAMID SCHOOLS PLYMOUTH (HOLDINGS) LIMITED

REPORT AND FINANCIAL STATEMENTS 2009

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

R Vince
C Field
A Matthews
D Lomas

SECRETARY

W Roberts

BANKERS

Barclays Bank plc
5 The North Colonnade
Canary Wharf
London
E14 4BB

REGISTERED OFFICE

Interserve House
Ruscombe Park
Twyford
Reading
Berkshire RG10 9JU

AUDITORS

Deloitte LLP
Chartered Accountants
London

PYRAMID SCHOOLS PLYMOUTH (HOLDINGS) LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 September 2009

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The company is owned equally by its ultimate controlling parties Interserve plc and Barclays plc and operates in the United Kingdom

The company is a holding company with one wholly owned subsidiary undertaking, Pyramid Schools (Plymouth) Limited. Pyramid Schools (Plymouth) Limited's principal activity is undertaking a Private Finance Initiative (PFI) concession contract with the Plymouth County Council ("PCC") to design, build, finance and operate two schools in the city.

The contract was signed in February 2007 and construction commenced immediately. The post completion phase of the construction works was completed in December 2009. Interim services commenced in February 2008 and full services started on 2 September 2008. The contract will run until 2032.

There have not been any changes in the company's activities in the year under review, and the directors are not aware, at the date of this report, of any likely changes in the next year. There have been no significant events since the balance sheet date.

The company's operations are managed under the supervision of its shareholders and funders and are largely determined by the detailed terms of the key performance indicators in the PFI contract with PCC and the subcontract with Interserve Project Services Limited ("IPSL") who supply the construction and facilities maintenance services throughout the life of the concession.

The PFI contract and Subcontract with IPSL are fixed for the life of the contract and this enables the company to have certainty over its income and major expense until 2032. Furthermore the company has a Credit Agreement with its lender which fixes the level of borrowing and repayments due until the loan is fully repaid in 2032. The directors have prepared a detailed forecast up to 2032 incorporating inter alia the terms of the PFI contract, Subcontract and Credit Agreement. This forecast which is updated regularly predicts that the company will be profitable and will have sufficient cash resources to operate within the terms of the PFI contract, Subcontract and Credit Agreement. Therefore the directors, having considered the financial position of the company and its expected future cash flows, have prepared the Financial Statements on the going concern basis.

Principal Risks and Uncertainties

The company's principal activity as detailed above is risk free as its trading relationships with its customer, funders and sub-contractors are determined by the terms of their respective detailed PFI contracts. Its main exposure is to financial risks as detailed in the following section.

FINANCIAL RISK MANAGEMENT

The company has exposures to a variety of financial risks which are managed with the purpose of minimising any potential adverse effect on the company's performance.

The board has policies for managing each of these risks and they are summarised below.

Interest rate risk

The company hedged its interest rate risk at the inception of the project by swapping its variable rate debt into fixed rate by the use of an interest rate swap.

Inflation risk

The company's project revenue and most of its costs were linked to inflation at the inception of the project, resulting in the project being largely insensitive to inflation.

Liquidity risk

The company adopts a prudent approach to liquidity management by maintaining sufficient cash and liquid resources to meet its obligations. Due to the nature of the project cash flows are reasonably predictable and so this is not a major risk area for the company.

PYRAMID SCHOOLS PLYMOUTH (HOLDINGS) LIMITED

DIRECTORS' REPORT

Credit risk

The company receives the bulk of its revenue from a local authority and therefore is not exposed to significant credit risk

Cash investments and interest rate swap arrangement are with institutions of a suitable credit quality

ENVIRONMENT

The company recognises the importance of its environmental responsibilities, monitors its impact on the environment, and implements policies via its sub-contractors to reduce any damage that might be caused by the company's activities

EMPLOYEES

The company has no direct employees

RESULTS

The results of the group are as set out in the profit and loss account on page 6 The directors do not recommend the payment of a dividend

DIRECTORS

The directors, who served throughout the year and at the date of this report are set out below

R Vince

C Field (appointed 23 July 2009)

P Hepburn (resigned 23 July 2009)

A Matthews

D Lomas

None of the directors had any interests in the issued share capital of the group at 30 September 2009

AUDITORS

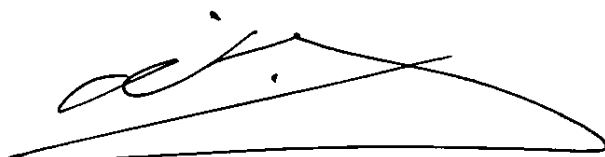
Each of the persons who is a director at the date of approval of this report confirms that

- 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 ought to have taken as a director in order to make himself aware of any relevant 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 s418 of the Companies Act 2006

Deloitte LLP have expressed their willingness to continue in office as auditors

Approved by the Board of Directors
and signed on behalf of the Board



C Field
Director
8 March 2010

PYRAMID SCHOOLS PLYMOUTH (HOLDINGS) 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). 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 judgments 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 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

PYRAMID SCHOOLS PLYMOUTH (HOLDINGS) LIMITED

We have audited the financial statements of Pyramid Schools Plymouth (Holdings) Limited for the year ended 30 September 2009 which comprise the consolidated profit and loss account, the group and company balance sheets, the consolidated cash flow statement and the related notes 1 to 17. 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).

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 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

As explained more fully in the Directors' Responsibilities Statement, 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 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 September 2009 and of the group's profit 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 matter prescribed by the Companies Act 2006

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

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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.



Stephen Griggs (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London

9 March 2010

PYRAMID SCHOOLS PLYMOUTH (HOLDINGS) LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

YEAR ENDED 30 SEPTEMBER 2009

	Note	2009 £'000	2008 £'000
TURNOVER	1	1,585	44,490
Cost of sales		<u>(1,020)</u>	<u>(44,419)</u>
GROSS PROFIT		565	71
Administrative expenses		<u>(303)</u>	<u>(51)</u>
OPERATING PROFIT	2	262	20
Net finance income	3	<u>142</u>	<u>2</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		404	22
Tax charge on profit on ordinary activities	4	<u>(111)</u>	<u>(6)</u>
RETAINED PROFIT ON ORDINARY ACTIVITIES FOR THE FINANCIAL YEAR	11	<u>293</u>	<u>16</u>

All activities are derived from continuing operations

As permitted by Section 408 of the Companies Act 2006, the company has not presented its own profit and loss account. The result of the company in the year was £nil (2008 £nil)

The group had no recognised gains or losses in the year other than as shown in the profit and loss account and accordingly no consolidated statement of total gains and losses has been prepared

PYRAMID SCHOOLS PLYMOUTH (HOLDINGS) LIMITED

CONSOLIDATED BALANCE SHEET

30 September 2009

	Note	2009 £'000	2008 £'000
CURRENT ASSETS			
Work in progress	5	-	-
Debtors – due within one year	7	3,349	5,728
Debtors – due after one year		38,022	39,657
Cash at bank and in hand		2,707	2,296
		<u>44,078</u>	<u>47,681</u>
CREDITORS: amounts falling due within one year	8	<u>(5,603)</u>	<u>(7,777)</u>
NET CURRENT ASSETS AND TOTAL ASSETS LESS CURRENT LIABILITIES		38,475	39,904
CREDITORS: amounts falling due after more than one year	9	<u>(38,165)</u>	<u>(39,887)</u>
NET ASSETS		<u>310</u>	<u>17</u>
CAPITAL AND RESERVES			
Called up share capital	10	1	1
Profit and loss account	11	309	16
SHAREHOLDERS' FUNDS	12	<u>310</u>	<u>17</u>

These financial statements of Pyramid Schools Plymouth (Holdings) Limited, registered number 06096173 were approved by the Board of Directors and authorised for issue on 8 March 2010

Signed on behalf of the Board of Directors


C Field
Director

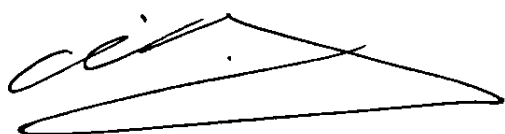
PYRAMID SCHOOLS PLYMOUTH (HOLDINGS) LIMITED

COMPANY BALANCE SHEET **30 September 2009**

	Note	2009 £'000	2008 £'000 restated
FIXED ASSETS			
Investment in subsidiary undertaking	6	3,455	3,466
CURRENT ASSETS			
Debtors – due within one year	7	225	-
		<u>225</u>	<u>-</u>
CREDITORS amounts falling due within one year	8	(262)	(22)
NET CURRENT LIABILITIES		<u>(37)</u>	<u>(22)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,418</u>	<u>3,444</u>
CREDITORS amounts falling due after more than one year	9	(3,417)	(3,443)
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1</u>	<u>1</u>
CAPITAL AND RESERVES			
Called up share capital	10	1	1
SHAREHOLDERS' FUNDS		<u>1</u>	<u>1</u>

These financial statements of Pyramid Schools Plymouth (Holdings) Limited, registered number 06096173 were approved by the Board of Directors and authorised for issue on 8 March 2010

Signed on behalf of the Board of Directors



C Field
Director

PYRAMID SCHOOLS PLYMOUTH (HOLDINGS) LIMITED

CONSOLIDATED CASH FLOW STATEMENT **Year ended to 30 September 2009**

	Note	2009 £'000	2008 £'000
Net cash Inflow/(outflow) from operating activities	13	4,302	(21,132)
		<hr/>	<hr/>
Returns on investments and servicing of finance			
Interest paid	3	(2,469)	(2,108)
Interest received	3	2,873	363
		<hr/>	<hr/>
		404	(1,745)
Taxation			
Tax Paid		(4)	-
		<hr/>	<hr/>
		(4)	-
		<hr/>	<hr/>
Net cash outflow before financing		4,702	(22,877)
		<hr/>	<hr/>
Financing			
Repayment Equity Bridge Loan	8	-	(3,465)
Secured senior loans	9	(4,280)	22,359
Issue Subordinated Loan stock		(11)	3,465
		<hr/>	<hr/>
		(4,291)	22,359
		<hr/>	<hr/>
(Decrease)/Increase in cash		411	(518)
		<hr/>	<hr/>

PYRAMID SCHOOLS PLYMOUTH (HOLDINGS) LIMITED

CONSOLIDATED CASH FLOW STATEMENT **Year ended to 30 September 2009**

		2009 £'000	2008 £'000
(i) Reconciliation of net cash flow to movement in net debt			
(Decrease)/Increase in cash		411	(518)
Cash outflow from equity bridge	9	-	3,465
Cash outflow/(inflow) from secured senior loans		4,280	(22,359)
Cash outflow/(inflow) from Subordinated loan stock		(214)	(3,465)
		<hr/>	<hr/>
Net debt movement at 30 September 2009	Note (ii)	4,477	(22,877)
Net debt at 1 October 2008		(42,214)	(19,337)
		<hr/>	<hr/>
Net debt at 30 September 2009		(37,737)	(42,214)
		<hr/>	<hr/>

(ii) Analysis of net debt

	2008 £'000	Cash flow £'000	Non-cash flow £'000	2009 £'000
Cash at bank	2,296	411	-	2,707
Loans				
Repayable within one year	(4,280)	2,569	-	(1,711)
Repayable after more than one year	(36,765)	1,711	-	(35,054)
Subordinated loan stock				
Repayable within one year	(22)	(240)	-	(262)
Repayable after more than one year	(3,443)	26	-	(3,417)
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	(42,214)	4,477	-	(37,737)
	<hr/>	<hr/>	<hr/>	<hr/>

PYRAMID SCHOOLS PLYMOUTH (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2009

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards. The particular accounting policies adopted by the directors are described below. They have been applied consistently throughout the year and the preceding year.

Going concern

The financial statements are prepared on a going concern basis. As disclosed on page 2 the directors believe that the group has adequate resources to continue in operational existence for the foreseeable future.

Accounting convention

The financial statements are prepared under the historical cost convention.

Comparative figures

The Subordinated loan due from the subsidiary undertaking and the equal and opposite subordinated loan due to the shareholders has been restated in the company balance sheet at 30 September 2008. This reflects the fact that Pyramid Schools Plymouth (Holdings) Limited entered into a Subordinated loan from its shareholders and to its subsidiary undertaking on 2 September 2008. The amounts due to related parties at 30 September 2008 have also been restated. The comparatives now include the Subordinated loan and Bank Term Loan which are transactions with related parties.

Group financial statements

The group accounts consolidate the accounts of the company and its subsidiary undertaking drawn up to 30 September each year. The results of the subsidiaries acquired or sold are consolidated from or to the date on which control passed. Acquisitions are accounted for under the acquisition method.

Accounting for PFI contracts (stock)

During the period of construction, costs incurred as a direct consequence of financing, designing and constructing the schools, including finance costs, are shown as work in progress. On completion of the construction, credit is taken for the deemed sale, which is recorded within turnover. The construction expenditure and associated costs are reallocated to cost of sales. Amounts receivable are classified as a financial asset receivable (PFI contract).

Revenues received from the customer are apportioned between:

- capital repayments,
- finance income, and
- operating revenue

Investments

Investments held as fixed assets are stated at cost plus loans, less provision for impairment.

Taxation

Current tax, including UK corporation 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 the 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.

Derivative financial instruments

The group holds derivative financial instruments which have the effect of fixing the interest rate payable on bank borrowings. Amounts payable or receivable in respect of interest rate derivatives are recognised as adjustments to interest over the period of the contract.

PYRAMID SCHOOLS PLYMOUTH (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2009

2. OPERATING PROFIT

The company and group had no employees during the year other than the directors. Emoluments paid to related parties for directors' services to the company were £nil (2008 £nil) and £32,636 (2008 £30,000) for the Group.

The current year group and company audit fee of £5,250 (2008 £5,250) was borne by the subsidiary Pyramid Schools (Plymouth) Limited.

3. NET FINANCE CHARGES

	2009 £'000	2008 £'000
Interest receivable and similar income		
Bank interest	37	134
Interest receivable on financial asset	2,836	229
Amount capitalised	-	(132)
Net interest receivable	2,873	231
Interest payable and similar charges		
Swaps credit interest paid/(received)	360	(239)
Senior debt	1,884	2,102
Equity Bridge	-	209
Subordinated loan stock	450	36
Other finance costs	37	-
Less amount capitalised	-	(1,879)
	2,731	229
Net interest payable	142	2

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2009 £'000	2008 £'000
Current taxation charge comprises:		
Current Tax	113	6
Adjustment in respect of prior years	(2)	-
Deferred taxation		
Timing differences, origination and reversal	-	-
Adjustment in respect of prior years	-	-
	111	6
Factors affecting the current tax charge in the year:		
Profit on ordinary activities before tax	404	22
Tax charge on profit on ordinary activities before tax at standard rate of 28% (2008 30% & 28%)	113	6
Adjustment in respect of prior years	(2)	-
Current tax charge for the year	111	6

PYRAMID SCHOOLS PLYMOUTH (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2009

5. WORK IN PROGRESS

	Group	Company	Group	Company
	2009	2009	2008	2008
	£'000	£'000	£'000	£'000
Work in progress (PFI contract)				
Cost and net book value carried forward	-	-	22,967	-
Additions in the period	-	-	21,186	-
Deemed sale upon reclassification as contract debtor	-	-	(44,153)	-
	<hr/>	<hr/>	<hr/>	<hr/>
Cost and net book value carried forward	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

Interest capitalised during the year and included in cost amounted to £nil (2008 £2,204,258)

6. INVESTMENT IN SUBSIDIARY UNDERTAKING

	Company	Company
	2009	2008
	£'000	£'000
		Restated
Shares at cost	1	1
Subordinated loan stock	3,454	3,465
	<hr/>	<hr/>
	3,455	3,466
	<hr/>	<hr/>

The company's subsidiary undertaking, Pyramid Schools Plymouth Limited, is wholly owned and incorporated in Great Britain. Its activity is to provide design, build, finance and operate the services under a Private Finance Initiative concession contract.

PYRAMID SCHOOLS PLYMOUTH (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2009

7. DEBTORS

	Group	Company	Group	Company
	2009	2009	2008	2008
	£'000	£'000	£'000	£'000
Due within one year:				
Trade debtors	573	-	1,078	-
Financial asset	1,635	-	4,462	-
Amounts owed by subsidiary undertaking	-	225	-	-
Prepayments and other debtors	1,141	-	157	-
Other tax and social security	-	-	31	-
	3,349	225	5,728	-
Due after one year				
Financial asset	38,022	-	39,657	-
	38,022	-	39,657	-
Total debtors	41,371	225	45,385	-

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group	Company	Group	Company
	2009	2009	2008	2008
	£'000	£'000	£'000	£'000
				Restated
Trade creditors	1,792	-	968	-
Accruals and deferred income	752	-	2,137	-
Corporation tax liability	113	-	6	-
Other taxes and social security costs	577	-	-	-
Other creditors	411	-	401	-
Senior secured loan (net of unamortised issue costs) (note 9)	1,696	-	4,243	-
Subordinated loan stock	262	262	22	22
	5,603	262	7,777	22

PYRAMID SCHOOLS PLYMOUTH (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2009

9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2009 £'000	Company 2009 £'000	Group 2008 £'000	Company 2008 £'000 Restated
Senior secured loan	34,748	-	36,444	-
Subordinated loan stock	3,417	3,417	3,443	3,443
	38,165	3,417	39,887	3,443

Maturity analysis of senior secured loan due after more than one year

	Group 2009 £'000	Company 2009 £'000	Group 2008 £'000	Company 2008 £'000
Repayable between one and two years	1,085	-	1,711	-
Repayable between two and five years	3,427	-	3,362	-
Repayable after five years	30,542	-	31,692	-
	35,054	-	36,765	-
Less unamortised issue costs	(306)	-	(321)	-
	34,748	-	36,444	-

The secured senior loan represents amounts borrowed under a facility agreement with Barclays Bank plc. The loan bears interest at a margin of 0.60% over LIBOR and is repayable in instalments between 2009 and 2032. The loan is secured by fixed and floating charges over the property, assets and rights of the company, and has certain covenants attached.

In order to hedge against interest variations on the senior secured loan, the company has entered into an interest rate swap agreement with a bank whereby at monthly intervals sums are exchanged reflecting the difference between floating and fixed interest rates calculated on a predetermined notional principal amount.

Maturity analysis of subordinated loan stock due after more than one year

	Group 2009 £'000	Company 2009 £'000	Group 2008 £'000	Company 2008 £'000 Restated
Repayable between one and two years	28	28	25	25
Repayable between two and five years	111	111	98	98
Repayable after five years	3,278	3,278	3,320	3,320
	3,417	3,417	3,443	3,443

Interest is charged on the subordinated loan stock balance at the rate of 13%. The loans are unsecured and repayable in instalments over a period of 25 years, which commenced in 2009.

PYRAMID SCHOOLS PLYMOUTH (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2009

10. CALLED UP SHARE CAPITAL

	2009	2008
	£'000	£'000
Authorised, called up, allotted and fully paid		
1,000 ordinary shares of £1 each	1	1

11. PROFIT AND LOSS ACCOUNT

	2009	2008
	£'000	£'000
Profit and loss brought forward	16	-
Result for the year	293	16
Profit and loss carried forward	309	16

12. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2009	2008
	£'000	£'000
Shareholders' funds brought forward	17	1
Result for the year	293	16
Shareholders' funds carried forward	310	17

PYRAMID SCHOOLS PLYMOUTH (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2009

13. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2009 £'000	2008 £'000
Operating Result	262	20
Decrease in work in progress	-	24,714
Decrease/(Increase) in debtors	4,014	(44,975)
Increase/(Decrease) in creditors	26	(891)
Net cash Inflow/(outflow) from operating activities	<u>4,302</u>	<u>(21,132)</u>

14 CONTROLLING PARTIES

The immediate controlling party and parent is Environments For Learning Limited and this company produced consolidated accounts at 30 September 2009. Copies of the financial statements of Environments For Learning Limited are available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ. In the directors' opinion there is no ultimate controlling party. The ultimate shareholders are Interserve plc and Barclays Bank plc.

15 RELATED PARTY TRANSACTIONS

The following disclosures are required by FRS 8 "Related Party Disclosures"

Parties	Services	Amounts incurred during the year ended 30 September 2009 £'000	Amounts payable at 30 September 2009 £'000	Amounts incurred during the year ended 30 September 2008 £'000	Amounts payable at 30 September 2008 £'000
					Restated
Interserve plc and its subsidiary undertakings	Construction and management services	2,207	3,634	20,157	2,546
Barclays plc	Bid development and arrangement fees	2,479	38,621	2,051	42,781

Amounts payable at 30 September 2009 are included within trade creditors and accruals and deferred income.

The Company has taken advantage of the exemptions in FRS 8 "Related Party Disclosures", not to disclose transactions with group undertakings.

PYRAMID SCHOOLS PLYMOUTH (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2009

16 FINANCIAL INSTRUMENTS – INTEREST RATE SWAP

	2009	2008
	£'000	£'000
Fair value of interest rate swap at year end	(3,917)	772

In February 2007 the company entered into a twenty five year fixed interest rate swap arrangement to hedge its exposure to the effect of interest rate fluctuations

The swap was effected on a notional amount of £41,045,000 payable in semi-annual amounts between 31 March 2009 and 30 September 2032

17. COMPARATIVE FIGURES

The Subordinated loan due from the subsidiary undertaking and the equal and opposite subordinated loan due to the shareholders has been restated in the company balance sheet at 30 September 2008. This reflects the fact that Pyramid Schools Plymouth (Holdings) Limited entered into a Subordinated loan from its shareholders and to its subsidiary undertaking on 2 September 2008. The amounts due to related parties at 30 September 2008 have also been restated. The comparatives now include the Subordinated loan and Bank Term Loan which are transactions with related parties

	2008	2009	2008
	£'000	£'000	£'000
	Original	Adjustment	Restated
	Figure		Figure
Company Balance Sheet	-		
Investment in subsidiary undertaking	1	3,455	3,456
Creditors amounts falling due within one year	-	(22)	(22)
Creditors amounts falling due after more than one year	-	(3,443)	(3,443)
Increase/(decrease) in net assets		-	

Note 15 Related Party Transactions

Amounts Payable at 30 September 2008

Interserve plc and its subsidiary undertakings	813	1,733	2,546
Barclays plc	3	42,778	42,781