

Registered number
06261520

TRANSFORM SCHOOLS (KNOWSLEY) LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

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Transform Schools (Knowsley) Limited
Report and Financial Statements
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Transform Schools (Knowsley) Limited

Registered number: 06261520

Directors' Report

for the year ended 31 December 2012

The Directors have pleasure in presenting their annual report together with the audited Financial Statements and auditor's report for the year ended 31 December 2012

Principal Activities

On 13 December 2007, Transform Schools (Knowsley) Limited, entered into a Private Finance Initiative (PFI) concession contract with Knowsley Metropolitan Borough Council to design, build or refurbish, finance and provide services within seven secondary schools and a Special Educational Needs facility. The contract end date is 31 August 2034.

The Directors do not expect any significant change in the Company's activities in the following financial year. However, on 18 May 2011, a variation to the original concession contract was finalised and this will provide the Council with a Special Educational Needs Facility until 31 August 2034.

Results and Dividends

The results for the year are set out on page 6. The loss for the year after taxation amounted to £57,000 (2011: £392,000). The Directors do not propose to pay a dividend in respect of the year ended 31 December 2012 (2011: Nil).

Key Performance Indicators

The key performance indicators for the Company are

- schools became available on the scheduled date, and
- the net cash flow is in line with or better than forecast

As at 31 December 2012, the construction programme was complete on the seven original schools and construction was 95% complete on the Special Educational Needs Facility.

Going Concern

The Directors do not expect any significant change to the Company's activities to occur in the following financial year.

The Directors believe that future economic benefits will cover the obligations that arose from the financing of the construction of the project for Knowsley Metropolitan Borough Council.

The Directors have also considered the ability of Knowsley Metropolitan Borough 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 that 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. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in the financial statements.

Financial Risk Management

The financial risks which the Company is exposed to are credit risk, interest rate risk, liquidity risk and contractual relationships.

Transform Schools (Knowsley) Limited

Registered number: 06261520

Directors' Report

for the year ended 31 December 2012

Credit risk

The Company's credit risk is primarily attributable to its trade receivables, each of which arise from its primary client, Knowsley Metropolitan Borough Council. The credit and cash flow risks are not considered significant as the client is a local government organisation.

Interest rate risk

The financial risk management objective of the Company is to ensure that financial risks are mitigated by the use of financial instruments where they cannot be addressed by means of contractual provisions. Financial instruments are not used for speculative purposes. Interest rate swaps are in place between 2007 and 2034 for notional principal amounts equating to the full value of the expected bank debt that is at a variable rate of interest to give an effective fixed interest rate payable on this debt.

Liquidity risk

The Company's liquidity risk is principally managed through financing the Group by means of long-term borrowings, with an amortisation profile that matches the expected availability of funds from the Group's operating activities. In addition, the Group maintains reserve bank accounts to provide short-term liquidity against future debt service and other expenditure requirements.

Contractual relationships

The Company operates within a contractual relationship with its primary customer, Knowsley Metropolitan Borough Council. Impairment of this relationship could have an impact upon the Company and lead to a breach of contract. Consequently, to manage this risk, the Company has regular meetings with Knowsley Metropolitan Borough Council, including discussions on performance, project processes, future plans and customer requirements. In accordance with the Concession Agreement, the Company is responsible for constructing and providing services within the schools, which, if not provided, could have a detrimental impact upon the Company.

Directors

The following persons served as Directors during the year:

G L Buckley	
L Gladwell	(appointed 6 January 2012)
K V Walker	
H M Wills	(resigned 6 January 2012)

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which remain in force at the date of this report.

Directors' Share Interests

No Director had any interest in the issued share capital of the Company or other Group Company at 31 December 2012 (2011: £Nil).

Political and Charitable Donations

During the year the Company made £Nil (2011: £Nil) charitable or political contributions.

Transform Schools (Knowsley) Limited

Registered number: 06261520

Directors' Report

for the year ended 31 December 2012

Supplier Payment Policy

The Company policy is to pay suppliers 30 days from the date of receipt of the supplier's agreed invoice, unless otherwise contractually agreed, and this policy is made known to all suppliers on request. Trade creditors of the Company at the end of the financial year were equivalent to 4 days purchases (2011: 14 days).

Registered Office

The Company's registered office is 6th Floor, 350 Euston Road, Regent's Place, London, NW1 3AX.

Provision of Information to Auditors

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

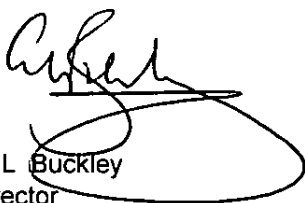
(i) so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and

(ii) 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 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 s418 of the Companies Act 2006.

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

This report was approved by the board on 21 June 2013 and signed on its behalf



G L Buckley
Director

Registered Office: 6th Floor, 350 Euston Road, Regent's Place, London, NW1 3AX

Transform Schools (Knowsley) Limited

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and 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 accounts, 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 accounts,
- 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Transform Schools (Knowsley) Limited
Independent Auditor's report
to the members of Transform Schools (Knowsley) Limited

We have audited the Financial Statements of Transform Schools (Knowsley) Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 20. 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 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 Auditor

As explained more fully in the Statement of Directors' Responsibilities, 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

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 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. In addition, we read all of the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited Financial Statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the 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 2012 and of its loss 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.

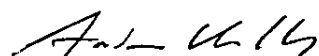
Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the 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, 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.



Andrew J Kelly FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Accountants and Statutory Auditors
London, United Kingdom

21 June 2013

Transform Schools (Knowsley) Limited
Profit and Loss Account
for the year ended 31 December 2012

	Notes	2012 £'000	2011 £'000
Turnover	2	22,787	4,921
Cost of sales		(22,032)	(4,982)
Gross profit/(loss)		<u>755</u>	<u>(61)</u>
Administrative expenses		(814)	(555)
Operating loss	3	<u>(59)</u>	<u>(616)</u>
Net finance (cost)/income	4	(14)	82
Loss on ordinary activities before taxation		<u>(73)</u>	<u>(534)</u>
Taxation on loss on ordinary activities	5	16	142
Loss on ordinary activities after taxation	15, 16	<u><u>(57)</u></u>	<u><u>(392)</u></u>

Continuing operations

None of the Company's activities were acquired or discontinued during the above two financial years

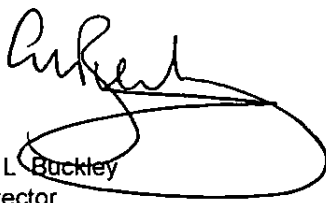
Statement of total recognised gains and losses

There were no recognised gains or losses for the current year and preceding year other than those stated in the profit and loss account, consequently no statement of total recognised gains and losses is presented

Transform Schools (Knowsley) Limited
Balance Sheet
as at 31 December 2012

	Notes	2012 £'000	2011 £'000
Current assets			
Work in progress	8	1,393	8,866
Debtors due within one year	6	1,010	2,974
Deferred tax due within one year	7	29	-
Debtors - finance debtor due within one year	9	18,530	16,385
Investments	10	588	5,757
Cash at bank and in hand		8,805	434
		<u>30,355</u>	<u>34,416</u>
Deferred tax due after more than one year	7	142	155
Debtors - finance debtor due after more than one year	9	162,755	153,740
Creditors: amounts falling due within one year	11	(12,259)	(13,443)
Net current assets		<u>180,993</u>	<u>174,868</u>
Total assets less current liabilities		180,993	174,868
Creditors: amounts falling due after more than one year			
Borrowings	12	(165,049)	(160,223)
Loan Stock	13	(15,808)	(14,452)
		<u>(180,857)</u>	<u>(174,675)</u>
Net assets		<u>136</u>	<u>193</u>
Capital and reserves			
Called up share capital	14	50	50
Profit and loss account	15	86	143
Shareholders' funds	16	<u>136</u>	<u>193</u>

The Financial Statements of Transform Schools (Knowsley) Limited were approved by the board of Directors and authorised for issue on 21 June 2013 they were signed on it's behalf by


G L Buckley
Director

Company registration number 06261520

Transform Schools (Knowsley) Limited
Notes to the Financial Statements
for the year ended 31 December 2012

1 Accounting policies

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

a) Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards. They include the result of the activities described in the Directors' Report, all of which are continuing.

b) Going Concern

The current economic conditions create some general uncertainty. The Directors have reviewed the Company'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 Company and do not consider this to be a material risk. The Company's forecasts and projection, taking account of 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 annual report and financial statements. Although the Company has made losses in 2012 and 2011, there is long term financing in place to fund construction and long term forecasts show that the concession will be profitable over the life of the project.

c) Cash flow statement

The Company is exempt from the requirement of Financial Reporting Standard No 1 (Revised) 1996 to prepare a cash flow statement as it is a wholly-owned subsidiary of Transform Schools (Knowsley) Holdings Limited, which prepares consolidated financial statements which include a cash flow statement and are publicly available.

d) 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.

e) Construction work in progress

All construction costs including the capitalised interest on finance up to the date of commission and incidental costs are recorded as construction work in progress.

Transform Schools (Knowsley) Limited
Notes to the Financial Statements
for the year ended 31 December 2012

1 Accounting policies (continued)

f) Capital instruments

Finance costs in relation to bank loans are recognised at a constant rate in accordance with the carrying value of those loans. Bank loans are initially stated at the amount of the net proceeds after deduction of arrangement fees. The carrying amount is increased by the finance cost in respect of the accounting year and reduced by payments made in that year.

g) Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Other instruments are classified as liabilities if they contain an obligation to transfer economic benefits and if they are not included in shareholders' funds. The finance cost recognised in the profit and loss account in respect of capital instruments other than equity shares is allocated over the term of the instrument.

h) Finance costs

Finance costs are capitalised during the construction phase of the contract, and are amortised over the period of the concession. The finance costs on the debt are recognised at a constant rate in accordance with the value of the debt. Finance costs are expensed during the operational stage.

i) Derivative financial instruments

The Company uses derivative financial instruments to manage its exposure to changes in interest rates. These transactions are accounted for on an accruals basis. The Company does not hold or issue derivative financial instruments for speculative purposes.

In order to hedge against interest rate variations on the loans the Company's subsidiary has entered into interest rate swap agreements, whereby the subsidiary has agreed to exchange at agreed intervals with its bankers sums reflecting the difference between floating and fixed interest rates calculated on a predetermined notional principal amount. The fair value of the interest rate swaps at 31 December 2012 was a liability of £49,775,479 (2011: £46,728,787). Market value has been used to determine the fair value.

j) Finance debtor

The finance debtor recorded is equal to the amounts due for the fair value of the property. The finance debtor is reduced in subsequent years as payments are received. Revenues received from Knowsley Metropolitan Borough Council are apportioned between capital repayments and operating revenue. The 'finance income' element of the capital repayment is shown within interest receivable. The remaining payments, being the full amounts received less the capital repayment, and the imputed finance charges, are recorded within operating revenue.

Transform Schools (Knowsley) Limited
Notes to the Financial Statements
for the year ended 31 December 2012

1 Accounting policies (continued)

k) Turnover

Turnover represents the value, net of value added tax and discounts, of services provided in the year to customers after the repayment of the finance debtor and interest imputed on this debtor. The company has adopted the provision of FRS 5 application note F "private finance initiative and similar contracts". It has been determined in accordance with this that the balance of risks and rewards derived from the underlying asset are not borne by the company and therefore the asset created under the contract will be accounted for as a finance debtor upon completion. Revenues received from the customer are apportioned between capital repayments and operating revenue. The "finance income" element of the capital repayment is shown within interest receivable. Income is deferred where payment is received from the customer in advance of the performance of the related services.

l) Liquid resources

Liquid resources comprises current asset investments held as readily disposable investments. They are readily convertible into known amounts of cash at, or close to, their carrying value. The investments are carried at cost or net realisable value. Net realisable value is based on mid-market price.

m) Bank debt policy

Interest-bearing bank loans and overdrafts are recorded at proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the profit and loss account using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

2 Turnover	2012	2011
Turnover by origin and destination from the Company's principal activity	£'000	£'000
United Kingdom	22,787	4,921
	22,787	4,921
3 Operating loss	2012	2011
This is stated after charging	£'000	£'000
Auditor's remuneration for audit services	16	17
Auditor's remuneration for other services	9	14

The Directors received no salary in the performance of their duties during the current or preceding year. Director's fees of £24,000 are paid by the Company to the shareholders (2011 £20,000). The Company had no employees in the current or preceding year. All other costs of the Directors and other staff are borne by the shareholders of the ultimate parent companies, who second their employees to the Company.

Transform Schools (Knowsley) Limited
Notes to the Financial Statements
for the year ended 31 December 2012

4 Net finance (cost)/income	2012	2011
	£'000	£'000
Bank interest receivable	28	31
Interest receivable on the finance debtor	11,812	11,938
Interest receivable and similar income	<u>11,840</u>	<u>11,969</u>
Interest and fees payable on secured senior loan	(3,373)	(3,229)
Interest rate swap	(6,833)	(6,496)
Interest payable on secured subordinated loan stock	(2,125)	(2,261)
Amortisation of loan arrangement costs	(276)	(227)
Interest payable and similar charges	<u>(12,607)</u>	<u>(12,213)</u>
Less amounts capitalised	753	326
Net finance (cost)/income	<u>(14)</u>	<u>82</u>

5 Taxation	2012	2011
	£'000	£'000

The tax charge is based on the profit for the period at an effective tax rate of 24.5% (2011 26.5%)

Analysis of charge in period

UK corporation tax on profits of the period	(18)	(142)
Deferred tax - Current year	2	-
	<u>(16)</u>	<u>(142)</u>
Tax on loss on ordinary activities	<u>(16)</u>	<u>(142)</u>

Factors affecting tax charge for period

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows

	2012	2011
	£'000	£'000
Loss on ordinary activities before tax	<u>(73)</u>	<u>(534)</u>
Standard rate of corporation tax in the UK	24.5%	26.5%
	£'000	£'000
Loss on ordinary activities multiplied by the standard rate of corporation tax	(18)	(142)
Effects of		
Change in tax rate on opening deferred tax asset	2	-
Current tax charge for period	<u>(16)</u>	<u>(142)</u>

Transform Schools (Knowsley) Limited
Notes to the Financial Statements
for the year ended 31 December 2012

5 Taxation (continued)

Factors that may affect future tax charges

A reduction in the mainstream UK tax rate of 26% to 24%, effective from 1 April 2012, was substantively enacted in the Finance Act 2012 and as such a blended rate of 24.5% has been used for the calculation of current tax in 2012. A further reduction in the main UK tax rate to 23% from 1 April 2013 was also enacted in the Finance Act in July 2012.

Additional changes were announced in the 2012 Autumn Statement to reduce the main rate to 21% from 1 April 2014 and in the March 2013 Budget Statement to further reduce the main rate to 20% from 1 April 2015. These further changes had not been substantively enacted at the Balance Sheet date and therefore are not included in these Financial Statements.

6 Debtors - due within one year	2012	2011
	£'000	£'000
Trade debtors	637	2,496
Prepayments and accrued income	59	70
Accrued income	314	173
VAT debtor	-	110
Corporation tax	-	125
	1,010	2,974

7 Deferred tax	2012	2011
	£'000	£'000
At 1 January	155	8
Current year movement	18	142
Effect of change in tax rate on opening asset	(2)	-
Adjustments in respect of prior periods	-	5
At 31 December	171	155

The deferred tax asset relates entirely to tax losses brought forwards. The Directors have assessed the recoverability of the deferred tax asset and believe that based on current forecasts, sufficient future taxable profits will be generated against which these losses can be used. The element that is expected to be recovered in 2013 has been disclosed as current on the balance sheet.

8 Construction work in progress	2012	2011
	£'000	£'000
At 1 January	8,866	-
Interest payable and Other financing costs	1,762	326
Construction and related costs	7,299	8,540
Lifecycle additions	123	14
Transferred to the finance debtor	(16,657)	(14)
At 31 December	1,393	8,866

Transform Schools (Knowsley) Limited
Notes to the Financial Statements
for the year ended 31 December 2012

9 Finance debtor	2012	2011
	£'000	£'000
At 1 January	170,125	174,764
Transferred from work in progress	16,657	14
Interest income	11,812	11,938
Less council income received in the year	(17,309)	(16,591)
At 31 December	181,285	170,125

The finance debtor recorded is equal to the amounts due for the fair value of the property. The finance debtor is reduced in subsequent years as payments are received. Revenues received from Knowsley Metropolitan Borough Council are apportioned between capital repayments and operating revenue. The 'finance income' element of the capital repayment is shown within interest receivable. The remaining payments, being the full amounts received less the capital repayment, and the imputed finance charges, are recorded within operating revenue.

10 Investments held as current assets	2012	2011
	£'000	£'000
Short-term deposits	<u>588</u>	<u>5,757</u>
<u>Shown as</u>		
Current assets	<u>588</u>	<u>5,757</u>
	588	5,757

Investments held as current assets represent amounts held on deposit with a financial institution which are not available for withdrawal without penalty in under 24 hours. These include £588,000 (2011 £407,000) of restricted cash held in Maintenance reserve accounts under the terms of the senior loan facility and is not available in the day to day running of the Company.

11 Creditors: amounts falling due within one year	2012	2011
	£'000	£'000
Construction creditor	28	986
VAT creditor	445	-
Secured senior loan	5,060	4,718
Subordinated debt	272	263
Accruals and deferred income	2,605	2,336
Subordinated loan stock interest	558	572
Trade creditors	1,246	398
Other creditors	2,045	2,542
Equity bridge loan	-	1,628
	12,259	13,443

Transform Schools (Knowsley) Limited
Notes to the Financial Statements
for the year ended 31 December 2012

12 Creditors amounts falling due after one year	2012	2011
	£'000	£'000
Secured senior loan	167,762	163,117
Less Arrangement fee	(2,713)	(2,894)
	<u>165,049</u>	<u>160,223</u>

Borrowings are repayable in the following periods

Between one and two years	5,350	5,074
Between two and five years	17,680	17,449
After five years	144,732	140,594
Less Arrangement fee	(2,713)	(2,894)
	<u>165,049</u>	<u>160,223</u>

The secured senior loans represent amounts borrowed by the Company under a facility agreement with banks. The loans bear interest at a margin over LIBOR and are repayable in instalments between 2010 and 2034. The loans are secured by fixed and floating charges over the undertaking, property, assets and rights of the Company, and have certain covenants attached.

13 Other creditors amounts falling due after one year	2012	2011
	£'000	£'000
Loan stock	15,808	14,452
	<u>15,808</u>	<u>14,452</u>
Loan stock is repayable in the following periods		
Between one and two years	289	246
Between two and five years	1,103	967
After five years	14,416	13,239
	<u>15,808</u>	<u>14,452</u>

The secured subordinated loan stock has been subscribed by Transform Schools (Knowsley) Limited. The loan stock bears interest at a rate of 10.0% above RPIx and is repayable in instalments between 2010 and 2034. It is secured by second fixed and floating charges over the undertaking, property, assets and rights of the Company.

14 Share capital	Nominal value	2012 Number	2012 £'000	2011 £'000
Allotted, called up and fully paid Ordinary shares	£1 each	50	50	50
			<u>50</u>	<u>50</u>

Transform Schools (Knowsley) Limited
Notes to the Financial Statements
for the year ended 31 December 2012

15 Profit and loss account	2012	2011
	£'000	£'000
At 1 January	143	535
Loss for the financial year	(57)	(392)
At 31 December	<u>86</u>	<u>143</u>

16 Reconciliation of movement in shareholders' funds	2012	2011
	£'000	£'000
At 1 January	193	585
Loss for the financial year	(57)	(392)
At 31 December	<u>136</u>	<u>193</u>

17 Capital commitments	2012	2011
	£'000	£'000
Amounts contracted for but not provided in the accounts	<u>(520)</u>	<u>(7,726)</u>

18 Controlling parties

The ultimate controlling party is Balfour Beatty plc and the Company is directly controlled by Balfour Beatty Infrastructure Investments Limited

19 Related party transactions

As a wholly-owned subsidiary of Transform Schools (Knowsley) Holdings Limited, the Company has taken advantage of the exemption in FRS 8 'Related party disclosures' from disclosing related party transactions with Transform Schools (Knowsley) Holdings Limited within these financial statements

20 Ultimate parent company

The Company is a wholly-owned subsidiary of Transform Schools (Knowsley) Holdings Limited which is incorporated in the United Kingdom and registered in England and Wales. The only Group in which the results of Transform Schools (Knowsley) Limited are consolidated is Transform Schools (Knowsley) Holdings Limited, copies of whose financial statements are available from 6th Floor, 350 Euston Road, Regent's Place, London, NW1 3AX