

Balfour Beatty Infrastructure Investments Limited

Annual report and financial statements
for the year ended 31 December 2012

Company Number 00457719

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BALFOUR BEATTY INFRASTRUCTURE INVESTMENTS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended

31 DECEMBER 2012

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BALFOUR BEATTY INFRASTRUCTURE INVESTMENTS LIMITED

DIRECTORS' REPORT

The Directors submit their annual report together with the audited financial statements for the year ended 31 December 2012

Principal activity and business review

Balfour Beatty Infrastructure Investments Limited ("the Company") is a direct subsidiary of Balfour Beatty plc ("the Parent Company"), a public limited company registered in England and Wales and listed on the London Stock Exchange

The principal activity of the Company is that of an investment holding company within the Balfour Beatty Group. The Company holds directly and indirectly most of the Group's UK PPP and infrastructure investments. The principal activity of the Company is the management of construction, maintenance and operations of both economic and infrastructure investments in home markets and abroad via special purpose companies. These special purpose companies, or concessions, have contracts with public sector clients covering periods up to 40 years from the dates of financial close.

The strategy, objectives and activities of the Balfour Beatty Group are set out in more detail in the Parent Company's 2012 annual report and accounts.

With the exception of Exeter and Blackpool airports, the Company's investments continued to perform well during the financial year. One new investment (held indirectly through 100% owned investment companies) reached financial close and will provide continued growth in our portfolio during challenging economic conditions.

During the year and subsequent to year end, the Company reviewed the carrying value of its investments in Regional & City Airports (Exeter) Holdings Limited and Regional & City Airports (Blackpool) Holdings Limited and impaired these investments, including shareholder loans, by £32m in total.

On 16 August 2012, London Underground served its termination notice on Power Asset Development Company Limited (PADCo). PADCo made cash distributions to shareholders in 2012 and further distributions are expected to be received in 2013.

In February 2012, the Company disposed of its entire 50% interest in Transform Schools (North Lanarkshire) Holdings Limited for an aggregate consideration of £18.2m after costs and generating an aggregate profit of £9.3m. In May 2012, the Company entered into a put and call option to dispose of its entire 33.3% interest in Health Management (UCLH) Holdings Limited ("HMU") for an aggregate consideration of £63.0m. The disposal of HMU was completed in July 2012 and generated an aggregate profit of £61.7m.

Post balance sheet events

In April 2013, the Company disposed of its 50% interests in four PFI schools projects in Birmingham, Bassetlaw, Stoke and Rotherham for combined consideration of £42.5 million, generating an approximate profit of £24.0m. The Company also disposed of its entire 50% interest in Consort Tameside Hospital for a consideration of £16.0m, generating an approximate profit of £9.0m.

In June 2013, the Company disposed of its entire 50% interest in Consort Healthcare Salford Hospital for a consideration of £22.0m, generating an approximate profit of £14.0m. The Company also disposed of its entire 60% interest in Exeter and Devon Airport Limited, held indirectly through its investment in Regional & City Airports Exeter (Holdings) Limited. The consideration for the sale was used to repay funders.

Sustainability

The Parent Company has set out a clear path to embedding sustainability into everything it does by 2020. The Group's Vision and Roadmap defines where it wants to be, and how it intends to get there, in 10 key focus areas: customers, influence, its people, its supply chain, the communities it serves, climate change, waste, water, materials and ecology. The Parent Company continued to make progress in 2012. During 2012, the Parent Company continued its programme to engage employees on sustainability through awareness training and appraisals.

BALFOUR BEATTY INFRASTRUCTURE INVESTMENTS LIMITED

DIRECTORS' REPORT (continued)

Research and development

Through the Parent Company, the Company remains committed to enhancing stakeholder value through thought leadership and innovation. A co-ordinated and strategic innovation approach directs investment to meet the Group's customers' needs, encourages a culture of entrepreneurship and knowledge sharing and leverages the Company's relationships with partners and suppliers. The growing importance of integrated design, construction and operation and Building Information Modelling is at the heart of Balfour Beatty Group's innovation strategy.

The Group innovation forum will continue to evolve through 2013 into targeted centres of excellence, developing thought leadership and building on the existing integration between operating companies. An innovation outreach programme will engage customers, equipping the Group with the deep understanding of the issues they face, to better meet their current and future needs. This will be underpinned by a single technology platform that will provide Balfour Beatty Group with the channels it needs to access its comprehensive lifecycle knowledge of infrastructure assets.

Risk management

Effective risk management is fundamental to how the Company runs its business and underpins the delivery of the Parent Company's objectives. It is essential in helping to achieve sustainable shareholder value and in protecting the Parent Company's reputation. The Company's approach to risk management is to identify at an early stage, key risks and then to develop actions to eliminate or mitigate, to an acceptable level, the impact and likelihood of those risks.

The Company's risk management policy requires all divisions and the operating companies within them to identify and assess the risks to which they are exposed and which could impact their ability to deliver their and the Parent Company's objectives. Risk registers are used to record the risk events identified, their causes and possible consequences. Risks are then analysed as to the likelihood of occurrence and also the potential impact on the business. Actions are then developed and put in place to mitigate or eliminate unwanted exposures. Individuals are allocated responsibility for evaluating and managing risks identified to an agreed timescale. Risk registers and relevant action plans are regularly reviewed, at various levels throughout the business, to identify new risks as they arise, update mitigation plans, and to remove risks that are no longer relevant.

Key performance indicators

The Company has reviewed the key performance indicators relevant for external consideration of the Company's performance and has chosen the following:

The Company's profit for the year was £77.8m, compared with £24.6m in the previous year. The Company's net assets at the end of the year are £156.0m, an increase of £47.8m on the previous year.

Results and dividends

The financial statements of the Company are set out on pages 7 to 19. A profit of £77.8m (2011 profit £24.6m) has been transferred to reserves.

An interim dividend of £30.0m was paid during the year to the Parent Company, Balfour Beatty plc (2011 £nil).

Directors

The following were Directors of the Company during the year and up to the date of this report:

P W Goldsmith

S Mahajan

M D Peters

A L P Rabin (resigned 30 June 2012)

I K Rylatt

BALFOUR BEATTY INFRASTRUCTURE INVESTMENTS LIMITED

DIRECTORS' REPORT (continued)

Financial instruments

Due to the nature of the Company's business and the assets and liabilities contained within the Company's balance sheet the only financial risks the Directors consider relevant to the Company are credit risk, liquidity risk and interest rate risk. The Directors do not consider there to be any significant credit risks on the loans to PPP concession companies as these have stable long-term cash flows. The Directors do not consider there to be any significant liquidity risk as the short-term loan from the parent company Balfour Beatty plc is renewed on an annual basis nor any risk from amounts owed to wholly-owned subsidiaries. The Company does not hedge the interest risk arising on the loans to PPP concession companies that bear interest at a margin over Libor as detailed in Note 10.

Going concern

The Directors have considered the Company's investments in PPP concessions and infrastructure investments, and believe their underlying results support their carrying value. Having made appropriate enquiries, the Directors consider it reasonable to assume that the Company has adequate resources to continue for the foreseeable future and, for this reason, have continued to adopt the going concern basis in preparing the accounts.

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 as at the end of the financial year 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 United Kingdom 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,
- 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.

The Directors 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.

BALFOUR BEATTY INFRASTRUCTURE INVESTMENTS LIMITED

DIRECTORS' REPORT (continued)

Disclosure of information to auditor

Each of the Directors at the date of approval of this report confirms that

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006

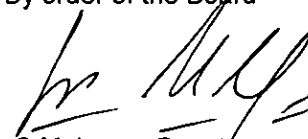
Auditor

Deloitte LLP has indicated its willingness to continue as auditor to the Company and in accordance with Section 487 of the Companies Act 2006, it will be deemed to be re-appointed unless the deemed re-appointment is prevented by the members under Section 488 of the Companies Act 2006

Registered Office

Fourth Floor
130 Wilton Road
London
SW1V 1LQ

By order of the Board



S Mahajan, Director

26/6/ 2013

INDEPENDENT AUDITOR'S REPORT

to the Members of

BALFOUR BEATTY INFRASTRUCTURE INVESTMENTS LIMITED

We have audited the financial statements of Balfour Beatty Infrastructure Investments Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 19. 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 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 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 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 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 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.

INDEPENDENT AUDITOR'S REPORT (continued)

to the Members of

BALFOUR BEATTY INFRASTRUCTURE INVESTMENTS LIMITED

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



Jacqueline Holden FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor

London, United Kingdom

26 June 2013

BALFOUR BEATTY INFRASTRUCTURE INVESTMENTS LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2012

	<u>Notes</u>	<u>2012</u> £'000	<u>2011</u> £'000
Net operating income	2	66	110
Net operating expenses	2	(6,271)	(6,914)
Profit on disposal of fixed asset investments	2	71,050	4 773
OPERATING PROFIT / (LOSS)		<u>64,845</u>	<u>(2,031)</u>
Income from investments	4	20,183	7,859
Impairments	8	(32,018)	-
PROFIT FROM ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION		<u>53,010</u>	<u>5,828</u>
Interest income	5	22,786	23,704
PROFIT FROM ORDINARY ACTIVITIES BEFORE TAXATION		<u>75,796</u>	<u>29,532</u>
Taxation on profit from ordinary activities	6	1,963	(4,886)
PROFIT FROM ORDINARY ACTIVITIES AFTER TAXATION	15	<u>77,759</u>	<u>24,646</u>

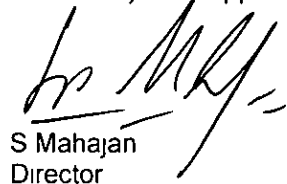
The Company has no recognised gains or losses in either year other than those included in the results above, consequently no statement of total recognised gains and losses has been presented

All activities are from continuing operations in the United Kingdom

BALFOUR BEATTY INFRASTRUCTURE INVESTMENTS LIMITED**BALANCE SHEET****as at 31 December 2012**

	Notes	<u>2012</u> £'000	<u>2011</u> £'000
FIXED ASSETS			
Investments	8	23,763	36,083
Property, plant and equipment	9	<u>683</u>	<u>712</u>
		24,446	36,795
CURRENT ASSETS			
Debtors			
Amounts falling due within one year	10	9,826	7,881
Deferred tax	13	134	-
Current tax		743	-
Cash	11	<u>35,027</u>	<u>55,544</u>
		45,730	63,425
NON-CURRENT ASSETS			
Debtors			
Amounts falling due after more than one year	10	213,220	215,854
CURRENT LIABILITIES			
Creditors			
Amounts falling due within one year	12	(127,432)	(207,869)
NET CURRENT LIABILITIES		<u>(81,702)</u>	<u>(144,444)</u>
NET ASSETS		<u>155,964</u>	<u>108,205</u>
CAPITAL AND RESERVES			
Called-up share capital	14	57,166	57,166
Share premium	15	8,716	8,716
Profit and loss account	15	90,082	42,323
SHAREHOLDERS' FUNDS		<u>155,964</u>	<u>108,205</u>

These financial statements of Balfour Beatty Infrastructure Investments Limited (registered number 00457719) were approved by the Board of Directors on 26/6/13 and signed on its behalf by


S Mahajan
Director

BALFOUR BEATTY INFRASTRUCTURE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

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

a Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom Generally Accepted Accounting Practice. The financial statements have been prepared on the going concern basis as discussed in the Directors' Report on page 3.

The Company has taken advantage of the exemption from preparing consolidated financial statements afforded by Section 400 of the Companies Act 2006 because it is a wholly-owned subsidiary of Balfour Beatty plc which prepares consolidated financial statements which include the Company and are publicly available.

The Company is also, on this basis, exempt from the requirement of FRS 1 (revised) to present a cash flow statement.

b Investments

Investments comprise holdings in subsidiary undertakings, joint ventures and associated undertakings. The Company's investments are stated at cost less amounts provided to reflect impairments in value.

c Income from investments

Dividends on shares are recognised in the financial statements of the Company once they have been received.

d 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 recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

e Revenue recognition

Fees charged for managing investments are recognised as revenue as the services are provided.

f Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than investment properties and freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life, as follows:

Leasehold land and buildings 25 years

BALFOUR BEATTY INFRASTRUCTURE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

2 Net operating income / (expenses)

	<u>2012</u>	<u>2011</u>
	£'000	£'000
Management and directors' fees	66	110
Operating expenses	(6,271)	(6,914)
Profit on disposal of fixed asset investments (see note 8)	71,050	4,773
	<u>64,845</u>	<u>(2,031)</u>

3. Employee, Director and auditor costs

The Company has no employees (2011 none) and therefore incurs no employment or pension costs (2011 £nil)

The five Directors (2011 six) received no remuneration for their services to the Company during the year (2011 £nil)

The auditor's remuneration for the audit of the Company's accounts was £3,000 (2011 £3,000)
The auditor's remuneration was borne by Balfour Beatty plc in both years

4. Income from investments

	<u>2012</u>	<u>2011</u>
	£'000	£'000
Dividends received from shares in joint venture and associated undertakings	5,880	7,599
Dividends received from subsidiary undertakings	14,303	260
	<u>20,183</u>	<u>7,859</u>

5 Interest income

	<u>2012</u>	<u>2011</u>
	£'000	£'000
Interest income on loans to joint ventures and associated undertakings	19,186	21,005
Interest income from subsidiary undertakings	3,600	2,699
	<u>22,786</u>	<u>23,704</u>

BALFOUR BEATTY INFRASTRUCTURE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

6 Taxation

	<u>2012</u> £'000	<u>2011</u> £'000
<i>UK corporation tax</i>		
Current tax charge on income for the period	(1,516)	5,368
Adjustment in respect of prior periods	(313)	(482)
Total current tax	<u>(1,829)</u>	<u>4,886</u>
<i>Deferred tax</i>		
Rate change adjustment	20	-
Other short-term timing differences	397	16
Adjustments in respect of prior years	(551)	(16)
Total deferred tax	<u>(134)</u>	<u>-</u>
 Tax on profit on ordinary activities	 <u>(1,963)</u>	 <u>4,886</u>
 <i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	<u>75,796</u>	<u>29,532</u>
 Current tax at 24.5% (2011: 26.5%)	 18,570	 7,826
 <i>Effects of</i>		
Income not taxable	(22,842)	(2,082)
Expenses not deductible for tax purposes	3,153	(360)
Other short term timing differences	(397)	(16)
Adjustment to tax charge in respect of previous years	(313)	(482)
 Total current tax (credit)/charge	 <u>(1,829)</u>	 <u>4,886</u>

The Company earns its profits primarily in the UK, therefore the tax rate used for tax on profit from ordinary activities is the average rate for UK corporation tax, which was 24.5% (2011: 26.5%)

7 Dividend distributions

An interim dividend of £30,000,000 for the year ended 31 December 2012 (2011: £nil) was paid to the Company's parent, Balfour Beatty plc

8 Fixed asset investments

	Subsidiary undertakings £'000	Joint venture and associated undertakings £'000	Total £'000
At 1 January 2012	14,091	21,992	36,083
Disposals	-	(970)	(970)
Impairment	(7,750)	(3,600)	(11,350)
At 31 December 2012	<u>6,341</u>	<u>17,422</u>	<u>23,763</u>
 Net book value at 31 December 2012	 <u>6,341</u>	 <u>17,422</u>	 <u>23,763</u>
Net book value at 31 December 2011	<u>14,091</u>	<u>21,992</u>	<u>36,083</u>

BALFOUR BEATTY INFRASTRUCTURE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. Fixed asset investments (continued)

In February 2012, the Company disposed of its entire 50% interest in Transform Schools (North Lanarkshire) Holdings Limited for an aggregate consideration of £18.2m after costs. After the disposal of share capital (£30,000), subordinated debt loans of £8.5m and accrued subordinated debt interest of £0.3m, the disposal generated an aggregate profit of £9.3m.

In May 2012, the Company entered into a put and call option to dispose of its entire 33.3% interest in Health Management (UCLH) Holdings Limited for an aggregate consideration of £63.0m after costs. The disposal was completed in July 2012. After the disposal of share capital £0.9m and subordinated debt loans of £0.4m, the UCLH disposal generated an aggregate profit of £61.7m.

During the year and subsequent to year end, the Company reviewed the carrying value of its investments in Regional & City Airports (Exeter) Holdings Limited and Regional & City Airports (Blackpool) Holdings Limited and impaired these investments, including shareholder loans, by £32.0m in total.

The list of subsidiaries, joint ventures and associated undertakings is given in note 18.

9. Tangible fixed assets

	Land and Buildings Long leasehold £'000	Total £'000
Cost		
At 1 January 2012	726	726
Additions	-	-
At 31 December 2012	<u>726</u>	<u>726</u>
Depreciation		
As at 1 January 2012	(14)	(14)
Depreciation charge for the year	(29)	(29)
At 31 December 2012	<u>(43)</u>	<u>(43)</u>
Net book value		
At 31 December 2012	<u>683</u>	<u>683</u>
At 1 January 2012	<u>712</u>	<u>712</u>

10. Debtors

	<u>2012</u> £'000	<u>2011</u> £'000
<i>Amounts falling due within one year</i>		
Interest receivable from Consort Healthcare(Edinburgh Royal Infirmary) Holdings Ltd	50	50
Interest receivable from Health Management (UCLH) Holdings Ltd	-	5
Interest receivable from Transform Schools (Rotherham) Holdings Ltd	338	111
Interest receivable from Transform Schools (Bassetlaw) Holdings Ltd	165	170
Interest receivable from Transform Schools (Stoke) Holdings Ltd	83	81
Interest receivable from Consort Healthcare (Birmingham) Holdings Ltd	3,072	1,517
Interest receivable from Transform Schools (Birmingham) Holdings Ltd	69	105
Interest receivable from Connect Roads Sunderland Holdings Ltd	85	79
Interest receivable from Consort Healthcare (Tameside) Holdings Ltd	209	154
Interest receivable from Connect Plus (M25) Holdings Ltd	2,263	1,192

BALFOUR BEATTY INFRASTRUCTURE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

	<u>2012</u>	<u>2011</u>
	£000	£000
10. Debtors (continued)		
Interest receivable from Transform Islington Ltd	77	60
Interest receivable from Transform Schools (Knowsley) Holdings Ltd	418	462
Interest receivable from Consort Healthcare (Mid Yorkshire) Holdings Ltd	604	2,175
Interest receivable from Consort Healthcare (Salford) Holdings Ltd	1	1,006
Interest receivable from Connect Roads South Tyneside Holdings Ltd	73	80
Interest receivable from Connect CNDR Holdings Ltd	870	-
Interest receivable from Connect Roads Derby Holdings Ltd	70	-
Loan to Connect Plus (M25) Holdings Ltd	444	86
Loan to Connect Roads Sunderland Holdings Ltd	76	69
Loan to Connect Roads South Tyneside Holdings Ltd	43	39
Loan to Consort Healthcare (Edinburgh Royal Infirmary) Holdings Ltd	31	25
Loan to Transform Schools (Bassetlaw) Holdings Ltd	251	106
Loan to Transform Schools (Birmingham) Holdings Ltd	56	17
Loan to Transform Schools (Knowsley) Holdings Ltd	272	263
Loan to Transform Islington Ltd	151	13
Loan to Connect Roads Derby Holdings Ltd	36	-
Loan to Transform Schools (Stoke) Holdings Ltd	19	-
Management fees from Power Asset Development Company Ltd	-	16
	<u>9,826</u>	<u>7,881</u>
	<u>2012</u>	<u>2011</u>
	£000	£000
<i>Amounts falling due after more than one year</i>		
Interest receivable from Power Asset Development Company Ltd	-	8
Interest receivable from Consort Healthcare (Birmingham) Holdings Ltd	2,517	1,009
Interest receivable from Connect M77/GSO Holdings Ltd	6,972	5,886
Interest receivable from Regional & City Airports (Exeter) Holdings Ltd	-	4,491
Interest receivable from Regional & City Airports (Blackpool) Holdings Ltd	35	35
Interest receivable from Transform Schools (North Lanarkshire) Holdings Ltd	-	201
Interest receivable from Consort Healthcare (Mid Yorkshire) Holdings Ltd	-	343
Interest receivable from 4 Futures Ltd	30	30
Loan to Connect M77/GSO Holdings Ltd	12,635	12,635
Loan to Connect Roads Derby Holdings Ltd	2,472	-
Loan to Consort Healthcare (Edinburgh Royal Infirmary) Holdings Ltd	1,217	1,251
Loan to Health Management (UCLH) Holdings Ltd	-	431
Loan to Power Asset Development Company Ltd	-	1,000
Loan to Transform Schools (Rotherham) Holdings Ltd	4,800	4,800
Loan to Transform Schools (Stoke) Holdings Ltd	4,599	4,618
Loan to Transform Schools (Bassetlaw) Holdings Ltd	5,841	6,092
Loan to Transform Schools (North Lanarkshire) Holdings Ltd	-	8,542
Loan to Transform Islington Ltd	2,860	3,025
Loan to Connect Roads Sunderland Holdings Ltd	2,340	2,417
Loan to Connect Plus (M25) Holdings Ltd	79,556	68,510
Loan to Consort Healthcare (Birmingham) Holdings Ltd	22,572	22,572
Loan to Consort Healthcare (Tameside) Holdings Ltd	6,650	6,650
Loan to Transform Schools (Birmingham) Holdings Ltd	3,871	3,927
Loan to Consort Healthcare (Mid Yorkshire) Holdings Ltd	15,431	15,431
Loan to Consort Healthcare (Salford) Holdings Ltd	9,750	9,750
Loan to Transform Schools (Knowsley) Holdings Ltd	15,808	14,452
Loan to Connect CNDR Holdings Ltd	10,839	-
Loan to Regional & City Airports (Exeter) Holdings Ltd	-	15,281
Loan to Connect Roads South Tyneside Holdings Ltd	2,425	2,467
	<u>213,220</u>	<u>215,854</u>

BALFOUR BEATTY INFRASTRUCTURE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. Debtors (continued)

The loans to the following companies are repayable subject to conditions detailed in the loan agreements and bear the following interest rates

Connect M77/GSO Holdings Ltd	12 1%
Consort Healthcare (Edinburgh Royal Infirmary) Holdings Ltd	Libor plus 6%
Connect Roads Derby Holdings Ltd	Libor plus 7 5%
Transform Schools (Rotherham) Holdings Ltd	Libor plus 8 09%
Transform Schools (Stoke) Holdings Ltd	Libor plus 6%
Transform Schools (Bassetlaw) Holdings Ltd	Libor plus 6%
Connect CNDR Holdings Ltd	RPI plus 9 11%
Regional & City Airports (Exeter) Holdings Ltd	Libor plus 6%
Connect Roads Sunderland Holdings Ltd	10 5%
Regional & City Airports (Blackpool) Holdings Ltd	Libor plus 1%
Transform Islington Ltd	RPI plus 9 4%
Connect Plus (M25) Holdings Ltd	7%
Transform Schools (Birmingham) Holdings Ltd	Libor plus 8 25%
Consort Healthcare (Birmingham) Holdings Ltd	RPI plus 10 47%
Consort Healthcare (Tameside) Holdings Ltd	RPI plus 8 631%
Consort Healthcare (Mid Yorkshire) Holdings Ltd	RPI plus 10 17%
Consort Healthcare (Salford) Holdings Ltd	RPI plus 8 631%
Transform Schools (Knowsley) Holdings Ltd	RPI plus 10%
Connect Roads South Tyneside Holdings Ltd	Libor plus 8%

11 Cash – guarantees

The Company is party to bank facility agreements arranged by Balfour Beatty plc and entered into by various subsidiaries of Balfour Beatty plc under which the bank may apply cash balances in any of the participants' accounts with the bank towards any liability under that facility of any other participants

12. Creditors: Amounts falling due within one year

	<u>2012</u>	<u>2011</u>
	<u>£'000</u>	<u>£'000</u>
Loan from Balfour Beatty plc	94,904	168,205
Corporation tax	-	5,368
Other creditors	604	919
Amounts owed to Group undertakings	31,924	33,377
	<u>127,432</u>	<u>207,869</u>

The loan from Balfour Beatty plc has been extended and is repayable on 27 October 2013. This loan is interest-free. The amounts owed to Group undertakings are interest free and repayable on demand.

BALFOUR BEATTY INFRASTRUCTURE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. Deferred tax

	<u>2012</u>	<u>2011</u>
	£'000	£'000
Timing differences (other than capital allowances)	134	-
Deferred tax asset	<u>134</u>	<u>-</u>
The movement in deferred tax asset comprises	£'000	£'000
At 1 January	-	-
Other timing differences	(397)	-
Rate change adjustment	(20)	-
Prior year adjustment	551	-
At 31 December	<u>134</u>	<u>-</u>

The Finance Act 2012 was enacted on 17 July 2012 implementing a reduction to the main UK Corporation Tax Rate from 25% to 24% effective from 1 April 2012, with a further reduction of 1% to 23% effective from 1 April 2013. As a result of the change, the deferred tax balances at the year end have been re-measured. This gave rise to a deferred tax charge of £20k in the year.

In the 2012 Autumn Statement it was announced that there will be a further 2% reduction in the main UK Corporation Tax Rate, to bring the rate down to 21% from 1 April 2014. The 2013 Chancellor's Budget subsequently announced a further fall to 20% effective from 1 April 2015. These changes had not substantively enacted at the balance sheet date and therefore are not reflected in these financial statements.

14. Called-up share capital

	<u>2012</u>	<u>2011</u>
	£	£
Called-up, issued and fully paid		
57,166,471 Ordinary shares of £1 each	57,166,471	57,166,471
	<u>57,166,471</u>	<u>57,166,471</u>

15. Reconciliation of movements in reserves and shareholders' funds

	2012 Share Capital	2012 Share premium	2012 Profit and loss account	2012 Shareholders' funds	2011 Share- holders' funds
	£'000	£'000	£'000	£'000	£'000
At 1 January	57,166	8,716	42,323	108,205	72,677
New share issues	-	-	-	-	10,882
Profit for the financial year	-	-	77,759	77,759	24,646
Dividends	-	-	(30,000)	(30,000)	-
At 31 December	<u>57,166</u>	<u>8,716</u>	<u>90,082</u>	<u>155,964</u>	<u>108,205</u>

BALFOUR BEATTY INFRASTRUCTURE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

16. Related party transactions

As a wholly-owned subsidiary undertaking of Balfour Beatty plc, the Company has taken advantage of the exemption in FRS 8 "Related Party Transactions" not to disclose transactions with other wholly-owned members of the group headed by Balfour Beatty plc

17. Ultimate parent company and controlling party

The Company is a wholly-owned subsidiary undertaking of Balfour Beatty plc, incorporated in the United Kingdom and registered in England and Wales, which is the Company's ultimate parent company and controlling party. The only group in which the results of the Company are consolidated is that headed by Balfour Beatty plc. The consolidated financial statements of Balfour Beatty plc are available to the public and may be obtained from Balfour Beatty plc, 130 Wilton Road, London SW1V 1LQ, and on the Balfour Beatty website www.balfourbeatty.com

18. Post balance sheet events

In April 2013, the Company disposed of its 50% interests in four PFI schools projects in Birmingham, Bassetlaw, Stoke and Rotherham for combined consideration of £42.5 million, generating an approximate profit of £24.0m. The Company also disposed of its entire 50% interest in Consort Tameside Hospital for a consideration of £16.0m, generating an approximate profit of £9.0m.

In June 2013, the Company disposed of its entire 50% interest in Consort Healthcare Salford Hospital for a consideration of £22.0m, generating an approximate profit of £14.0m. The Company also disposed of its entire 60% interest in Exeter and Devon Airport Limited, held indirectly through its investment in Regional & City Airports Exeter (Holdings) Limited. The consideration for the sale was used to repay funders.

BALFOUR BEATTY INFRASTRUCTURE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

19. List of principal subsidiaries, joint ventures and associated undertakings

Subsidiaries

Connect Roads Derby Holdings Limited	England and Wales	PPP concession company	Ordinary	100%
Connect Roads South Tyneside Holdings Limited	England and Wales	PPP concession company	Ordinary	100%
Connect Roads Sunderland Holdings Limited	England and Wales	PPP concession company	Ordinary	100%
Connect CNDR Holdings Limited	England and Wales	PPP concession company	Ordinary	100%
Transform Schools (Knowsley) Holdings Limited	England and Wales	Airport Operator	Ordinary	100%
Regional & City Airports (Blackpool) Holdings Limited	England and Wales	Investment company	Ordinary	95%
Consort Healthcare Infrastructure Investments Limited	England and Wales	Investment company	Ordinary	100%
Balfour Beatty Education Limited	England and Wales	Investment company	Ordinary	100%
Connect Roads Infrastructure Investments Limited	England and Wales	Investment company	Ordinary	100%
Balfour Beatty Infrastructure Projects Investments Limited	England and Wales	Investment company	Ordinary	100%
Connect Roads Coventry Holdings Limited*	England and Wales	PPP concession company	Ordinary	100%
Balfour Beatty Fire and Rescue NW Holdings Limited	England and Wales	PPP concession company	Ordinary	100%
Connect Roads Northamptonshire Holdings Limited*	England and Wales	PPP concession company	Ordinary	100%
Connect Roads Cambridgeshire Holdings Limited*	England and Wales	PPP concession company	Ordinary	100%

Joint ventures

Connect M77/GSO Holdings Limited	Scotland	PPP concession company	Ordinary	85%
Consort Healthcare (Birmingham) Holdings Limited	England and Wales	PPP concession company	Ordinary	40%
Consort Healthcare (Edinburgh Royal Infirmary) Holdings Limited	Scotland	PPP concession company	Ordinary	7 5%
Consort Healthcare (Mid Yorkshire) Holdings Limited	England and Wales	PPP concession company	Ordinary	50%
Consort Healthcare (Salford) Holdings Limited	England and Wales	PPP concession company	Ordinary	50%
Consort Healthcare (Tameside) Holdings Limited	England and Wales	PPP concession company	Ordinary	50%
Regional & City Airports (Exeter) Holdings Limited	England and Wales	Airport Operator	Ordinary	60%
Transform Schools (Bassetlaw) Holdings Limited	England and Wales	PPP concession company	Ordinary	50%
Transform Schools (Birmingham) Holdings Limited	England and Wales	PPP concession company	Ordinary	50%
Transform Schools (Rotherham) Holdings Limited	England and Wales	PPP concession company	Ordinary	50%
Transform Schools (Stoke) Holdings Limited	England and Wales	PPP concession company	Ordinary	50%
Connect Plus (M25) Holdings Limited	England and Wales	PPP concession company	Ordinary	40%

BALFOUR BEATTY INFRASTRUCTURE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

19. List of principal subsidiaries, joint ventures and associated undertakings (continued)

Joint ventures (continued)

Connect Roads Limited*	England and Wales	PPP concession company	Ordinary	25%
Connect A30/A35 Holdings Limited*	England and Wales	PPP concession company	Ordinary	85%
Transform Islington (Phase 1) Holdings Limited	England and Wales	PPP concession company	Ordinary	80%
Transform Islington (Phase 2) Holdings Limited	England and Wales	PPP concession company	Ordinary	80%
Consort Healthcare (Fife) Holdings Limited **	Scotland	PPP concession company	Ordinary	50%
4 Futures Phase 1 Holdings Limited ***	England and Wales	PPP concession company	Ordinary	80%
4 Futures Phase 2 Holdings Limited ***	England and Wales	PPP concession company	Ordinary	80%
Blackburn with Darwen and Bolton Phase 1 Holdings Limited***	England and Wales	PPP concession company	Ordinary	80%
Blackburn with Darwen and Bolton Phase 2 Holdings Limited***	England and Wales	PPP concession company	Ordinary	80%
Derby City BSF Holdings Limited***	England and Wales	PPP concession company	Ordinary	80%
Oldham BSF Holdings Limited***	England and Wales	PPP concession company	Ordinary	95%
Future Ealing Phase 1 Holdings Limited***	England and Wales	PPP concession company	Ordinary	80%
Hertfordshire Schools Building Partnership Phase 1 Holdings Limited***	England and Wales	PPP concession company	Ordinary	80%
UBB Waste (Essex) Holdings Limited****	England and Wales	PPP concession company	Ordinary	30%

- * Held indirectly through Connect Roads Infrastructure Investments Limited
- ** Held indirectly through Consort Healthcare Infrastructure Investments Limited
- *** Held indirectly through Balfour Beatty Education Limited
- **** Held indirectly through Balfour Beatty Infrastructure Projects Investments Limited

Associated undertakings

UK Power Networks Services Powerlink Limited	England and Wales	PPP concession company	Ordinary	10%
Power Asset Development Company Limited	England and Wales	PPP concession company	Ordinary	25%