

VLE Holdings Limited
Annual Report and Financial Statements
For the Year Ended 31 December 2013

Registered Number 4639332

RE-SCAN

FRIDAY



S3729WPD

SCT

02/05/2014

#251

COMPANIES HOUSE

915/124 313

VLE Holdings Limited

Financial Statements

Year Ended 31 December 2013

Contents	Page
Company information	1
Directors' report	2
Statement of directors' responsibilities	4
Independent auditors' report to the members	5
Profit and loss account	7
Balance sheet	8
Notes to the financial statements	9

VLE Holdings Limited

Company Information

The board of directors	BIIF Corporate Services Limited David Gilmour
Company secretary	Infrastructure Managers Limited
Registered office	c/o Dundas and Wilson Northwest Wing Bush House Aldwych London WC2B 4EZ
Auditors	PricewaterhouseCoopers LLP Chartered accountants and Statutory Auditors Level 4 Atria One 144 Morrison Street Edinburgh EH3 8EX
Bankers	Barclays Bank Plc 1 Churchill Place London E14 5HP
Solicitors	Maclay Murray & Spens LLP Quartermile One 15 Lauriston Place Edinburgh EH3 9EP

VLE Holdings Limited

Directors' Report

Year Ended 31 December 2013

The directors present their report and the financial statements of the Company for the year ended 31 December 2013

Principal Activities and Business Review

The Company acts as a holding company to Vulcan Lane Estates Limited. The principal activity of Vulcan Lane Estates Limited is the provision of accommodation and associated facilities management to the Cumbria Primary Care Trust over a period of 25 years as part of a Private Finance Initiative.

Results and Dividends

The profit for the year amounted to £108,000 (2012 profit £99,781). Particulars of dividends paid are detailed in note 5 to the financial statements.

The Directors are satisfied with the overall performance of the Company.

Key performance indicators

The performance of the subsidiary undertaking from a cash perspective is assessed on a six monthly basis by the testing of the covenants of the senior debt provider. The key indicator being the debt service cover ratio. The subsidiary undertaking has been performing well and has been compliant with the covenants laid out in the loan agreement.

Financial Instruments

The Company has no significant financial instruments.

Directors

The directors who served the Company during the year and up to the date of this report are listed on page 1.

Small Company Provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

VLE Holdings Limited

Directors' Report *(continued)*

Year Ended 31 December 2013

Auditor

PricewaterhouseCoopers LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006

Registered office
c/o Dundas and Wilson
Northwest Wing Bush House
Aldwych
London
WC2B 4EZ

Signed by order of the directors

A handwritten signature in black ink, appearing to read 'S. P. H.', with a horizontal line underneath.

Infrastructure Managers Limited
Company Secretary

Approved by the directors on 29.4.14

VLE Holdings Limited

Statement of Directors' Responsibilities

Year Ended 31 December 2013

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law 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 year.

In preparing those financial statements, the directors are required to

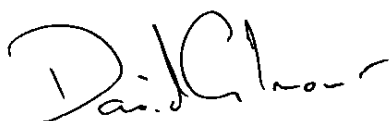
- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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.

In so far as the directors are aware

- there is no relevant audit information of which the Company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Directors' responsibilities were approved by the board on 29.4.14 and signed on its behalf by



David Gilmour

VLE Holdings Limited

Independent Auditors' Report to the Members of VLE Holdings Limited

Report on the Financial Statements

Our Opinion

In our opinion the financial statements, defined below

- give a true and fair view of the state of the Company's affairs as at 31 December 2013 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

This opinion is to be read in the context of what we say in the remainder of this report

What We Have Audited

The financial statements, which are prepared by VLE Holdings Limited, comprise

- the balance sheet as at 31 December 2013,
- the profit and loss account for the year then ended,
- the accounting policies, and
- the notes to the financial statements, which include other explanatory information

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)

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events

What an Audit of Financial Statements Involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)") 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

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

VLE Holdings Limited

Independent Auditors' Report to the Members of VLE Holdings Limited *(continued)*

Other Matters on Which We are Required to Report by Exception

Adequacy of Accounting Records and Information and Explanations Received

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

- we have not received all the information and explanations we require for our audit, or
- 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

We have no exceptions to report arising from this responsibility

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility

Responsibilities for the financial statements and the audit

Our responsibilities and those of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, 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 ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

This report, including the opinions, has been prepared for and only for the Company's Members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Martin Cowie (Senior Statutory Auditor)
For and on behalf of
PricewaterhouseCoopers LLP
Chartered accountants and Statutory Auditors
Edinburgh

29 Apr 2014

VLE Holdings Limited

Profit and Loss Account

Year Ended 31 December 2013

	Note	2013 £	2012 £
Turnover		—	—
Operating profit		—	—
Income from shares in group undertakings	3	108,000	99,781
Profit on ordinary activities before taxation		108,000	99,781
Tax on profit on ordinary activities	4	—	—
Profit for the financial year		108,000	99,781

All of the activities of the Company are classed as continuing

The Company has no recognised gains and losses other than those included in the profit above and therefore no separate statement of total recognised gains and losses has been presented

There is no difference between the profit on ordinary activities before taxation and the profit for the year stated above and their historical cost equivalents

The notes on pages 9 to 11 form part of these financial statements.

VLE Holdings Limited

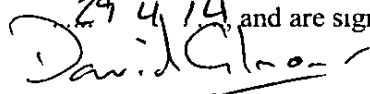
Balance Sheet

As at 31 December 2013

	Note	2013 £	2012 £
Fixed assets			
Investments	6	<u>80,000</u>	<u>80,000</u>
Net assets		<u>80,000</u>	<u>80,000</u>
Capital and reserves			
Share capital	7	80,000	80,000
Profit and loss account	8	—	—
Equity shareholders' funds	9	<u>80,000</u>	<u>80,000</u>

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime

These accounts on pages 7 to 11 were approved by the directors and authorised for issue on 29/4/14 and are signed on their behalf by



David Gilmour

Company Registration Number 4639332

The notes on pages 9 to 11 form part of these financial statements.

VLE Holdings Limited

Notes to the Financial Statements

Year Ended 31 December 2013

1. Accounting policies

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

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable Accounting Standards in the United Kingdom. The financial statements have been prepared on a going concern basis as the Company's financial projections indicate that sufficient funds will be generated to allow on-going obligations to be met as they fall due.

Cash flow statement

The company is a subsidiary of BIIF Holdco Limited and is included in the consolidated financial statements of BIIF Holdco Limited, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS1.

Group accounts

The financial statements contain information about VLE Holdings Limited as an individual company and do not contain consolidated financial information as the parent of a subsidiary. The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

Fixed asset investments

Investments are stated at cost less any provision required for diminution in value.

2. Particulars of employees and directors

Auditors' remuneration is borne by Vulcans Lane Estates Limited in the current and prior periods.

The Directors did not receive any remuneration from the Company during the year (2012: £nil). There were no employees in the financial year other than the directors (2012: nil).

3. Income from shares in group undertakings

	2013	2012
	£	£
Income from group undertakings	<u>108,000</u>	<u>99,781</u>

VLE Holdings Limited

Notes to the Financial Statements

Year Ended 31 December 2013

4. Taxation on ordinary activities

Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 23.25% (2012 - 24.49%)

	2013 £	2012 £
Profit on ordinary activities before taxation	<u>108,000</u>	<u>99,781</u>
Profit on ordinary activities by rate of tax	25,106	24,436
Non taxable income	<u>(25,106)</u>	<u>(24,436)</u>
Total current tax	<u>-</u>	<u>-</u>

5. Dividends

Equity dividends

	2013 £	2012 £
Paid during the year		
Dividend £1.35 per share (2012 £1.25)	<u>108,000</u>	<u>99,781</u>

6. Investments

	Investment in subsidiary undertakings £
Cost	
At 1 January 2013 and 31 December 2013	<u>80,000</u>
Net book value	
At 31 December 2013 and 31 December 2012	<u>80,000</u>

The Company owns 100% of the Ordinary Share Capital of Vulcans Lane Estates Limited, a Company registered in England and Wales. The principal activity of the Company is the provision of accommodation and associated facilities management for the West Cumbria Primary Care Trust over a contract period of 25 years as part of a Private Finance Initiative. The results of the Company for the year ended 31 December 2013 were Capital and Reserves £969,640(2012 £804,774), Profit for the year £272,866(2012 £212,890)

VLE Holdings Limited

Notes to the Financial Statements

Year Ended 31 December 2013

7. Share capital

Allotted, called up and fully paid:

	2013		2012	
	No	£	No	£
Ordinary Class A shares of £1 each	32,000	32,000	32,000	32,000
Ordinary Class B shares of £1 each	48,000	48,000	48,000	48,000
	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>

8. Profit and loss account

	2013	2012
	£	£
Profit for the financial year	108,000	99,781
Equity dividends	(108,000)	(99,781)
Balance carried forward	<u>-</u>	<u>-</u>

9. Reconciliation of movements in shareholders' funds

	2013	2012
	£	£
Profit for the financial year	108,000	99,781
Equity dividends	(108,000)	(99,781)
Net addition to shareholders' funds	<u>-</u>	<u>-</u>
Opening shareholders' funds	80,000	80,000
Closing shareholders' funds	<u>80,000</u>	<u>80,000</u>

10. Related party disclosures

The directors have considered the provisions contained within FRS 8 and are satisfied that there are no further disclosures required

Disclosure of related party transactions that the Directors have with the group which is consolidated at BIIF Holdco Limited are included in the accounts of that entity

11. Ultimate parent company

The immediate parent company is PIF Vulcans Lane Limited

The ultimate parent and controlling entity is BIIF LP BIIF LP is owned by a number of investors, with no one investor having individual control

BIIF Holdco Limited

**Annual Report and Group Financial Statements
For the year ended 31 December 2013**

Registered number 06704550

GROUP ACCOUNTS FORM PART
OF THE ACCOUNTS OF
COMPANY 04639332

BIIF Holdco Limited

Contents

	Page
Company information	1
Strategic report	2-3
Directors' report	4
Statement of Directors' responsibilities	5
Independent Auditors' report	6-7
Group Profit and Loss Account	8
Statement of Group Total Recognised Gains and Losses	9
Group and Company Balance Sheets	10
Group Cash Flow Statement	11
Notes to the financial statements	12-36

BIIF Holdco Limited

Company Information

Directors: Andrew Matthews
Robert Sean McClatchey (Resigned 21 February 2013)
Nigel Wythen Middleton

Company secretary: Infrastructure Managers Limited

Registered office. C/o CMS Cameron McKenna LLP
Northwest Wing
Bush House
Aldwych
London
WC2B 4EZ

Independent Auditors: PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Level 4
Atria One
144 Morrison Street
Edinburgh
EH3 8EX

BIIF Holdco Limited

Strategic Report

Year Ended 31 December 2013

The Directors present their strategic report of the Company and the group for the year ended 31 December 2013

Principal Objectives and Strategies

The principal activity of the Company was that of a holding company. The principal activity of the Group was the provision, operation and maintenance of various assets under the Private Finance Initiative (PFI) and within regulated renewable markets.

Review of the Business

The results for the year are in line with management's current expectations and the financial model prepared for each of the Group's investments. The results for the year, as reported in the consolidated Profit and Loss Account differ from the realised operating income achieved for the underlying investments as a result of the following accounting items which only arise on consolidation.

	31 Dec 2013 £000	31 Dec 2012 £000
Profit/(Loss) before taxation	119,160	(13,698)
Amortisation of fair value adjustments	24,718	35,587
Impairment	-	14,732
Unrealised movement in the fair value of derivatives	<u>(92,083)</u>	<u>(13,730)</u>
Realised operating income	51,795	22,891
Gain on sale of investments	(53,073)	-
Trading (loss)/profit	<u>(1,278)</u>	<u>22,891</u>

The consolidated Balance Sheet shows net liabilities of £242,762,000 (2012 net liabilities £369,894,000). This position is significantly impacted by the recognition on the consolidated Balance Sheet of the unrealised derivative financial liability arising from the Group's portfolio of interest rate swaps and inflation swaps and the revaluation of the investment property. When excluded from the consolidated Balance Sheet the position of the Group is as follows:

	31 Dec 2013 £000	31 Dec 2012 £000
Net liabilities	(242,761)	(369,894)
Unrealised derivative financial liabilities	394,403	486,486
Revaluation of Investment Property	(2,833)	(2,583)
Realised net assets	<u>148,809</u>	<u>114,009</u>

Future Developments

The Directors intend for the business to continue to hold its interests in the investments.

Key Performance Indicators

Group performance is measured on the basis of cash flows, both for shareholders and lenders. As with all companies in this sector, detailed cash flow projections are prepared to demonstrate the ability of the business to service its debt. Current projections demonstrate that the business can continue to maintain its debt service cover ratios at the base case levels agreed with the Group's lenders and will continue to pay returns to shareholders. As such the Directors are satisfied that the Group's performance is in line with forecast and, therefore, consider the going concern basis of preparation to be appropriate.

BIIF Holdco Limited

Strategic Report

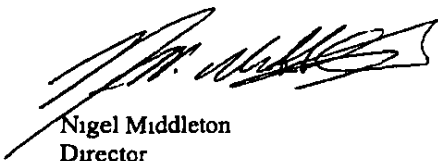
Financial risk management

The Group is exposed to a variety of financial risks that include Retail Price Indices, interest rate risk and liquidity risk. The Group has in place measures to limit the adverse effects of changes in these risks. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash deposits and proceeds from investment sums. The Group also invests in cash deposits at floating rates. Financial risk management policies and objectives are set out in Note 25.

Principal risks and uncertainties

The principal risk faced by the Group is the future cost of lifecycle expenditure. Each project has a lifecycle profile which is regularly reviewed and managed, to highlight and limit any potential adverse effects. The other significant risk is credit risk which is discussed more fully in Note 25 to the financial statements.

Approved by the board on 26 September 2014 and signed on its behalf by



Nigel Middleton
Director

BIIF Holdco Limited

Directors' Report

The Directors present their report and the audited financial statements of the Company and the Group for the year ended 31 December 2013

Results and Dividends

The net consolidated profit after tax and minority interests in the financial year was £122,659,000 (2012 loss £37,502,000) The result for the year will be transferred to reserves

Dividends of £nil (2012 £nil) were paid by the company during the year

Directors and their interests

The Directors in office during the year and up to the date of this report, shown on page 2, had no beneficial interest in the Company and its subsidiaries


Disclosure of information to the auditors

So far as each of the Directors is aware, there is no relevant information that has not been disclosed to the Company's auditors and each of the Directors believes that all steps have been taken that ought to have been taken to make them aware of any relevant audit information and to establish that the Company's auditors have been made aware of that information

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General meeting

The Directors' Report was approved by the board on 26 September 2014 and signed on its behalf by



Nigel Middleton
Director

Registered number 06704550

BIIF Holdco Limited

Statement of Directors' Responsibilities


The Directors are responsible for preparing the Annual Report and Group 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). The financial statements are required by law to give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for the year ended 31 December 2013. In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors' responsibilities were approved by the board on 26 September 2014 and signed on its behalf by



Nigel Middleton
Director

BIIF Holdco Limited

Independent Auditors' Report to the members of BIIF Holdco Limited

Report on the Financial Statements

Our Opinion

In our opinion the financial statements, defined below

- give a true and fair view of the state of the Group and Company's affairs as at 31 December 2013 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

This opinion is to be read in the context of what we say in the remainder of this report.

What We Have Audited

The financial statements, which are prepared by BIIF Holdco Limited, comprise

- the group and company balance sheets as at 31 December 2013,
- the group profit and loss account for the year then ended;
- the statement of group total recognised gains and losses for the year then ended;
- the group cash flow statement for the year then ended ,
- the accounting Policies, and
- the notes to the financial statements, which include other explanatory information

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)

In applying the financial reporting framework, the Directors have made a number of subjective judgements, for example in respect of significant accounting estimates In making such estimates, they have made assumptions and considered future events

What an Audit of Financial Statements Involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISA's (UK & Ireland)") 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit If we become aware of any apparent material mis-statements or inconsistencies we consider the implications for our report.

BIIF Holdco Limited

Independent Auditors' Report to the members of BIIF Holdco Limited

Opinion on Other Matter Prescribed by the Companies Act 2006

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

Other Matters on Which We are Required to Report by Exception

Adequacy of Accounting Records and Information and Explanations Received

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

- we have not received all the information and explanations we require for our audit, or
- 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

We have no exceptions to report arising from this responsibility

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility

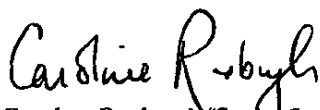
Responsibilities for the financial statements and the audit

Our responsibilities and those of Directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISA's (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

This report, including the opinions, has been prepared for and only for the Company's Members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing



Caroline Roxburgh (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh

30 September 2014

BIIF Holdco Limited
Group Profit and Loss Account
For the year ended 31 December 2013

	Note	Year ended 31 Dec 2013		Year ended 31 Dec 2012	
		£000	£000	£000	£000
Turnover (including share of joint ventures)					
Continuing operations	2	516,609		429,796	
Acquisitions		-		987	
			516,609		430,783
Less: share of turnover of joint ventures					
Continuing operations		(177,793)		(106,677)	
Acquisitions		-		(7,149)	
			(177,793)		(113,826)
Group turnover			338,816		316,957
Cost of sales			(258,529)		(237,776)
Group Gross profit			80,287		79,181
Dividend income			11,863		16,634
Gain on sale of investments			53,073		-
Net operating expenses			(29,261)		(49,219)
Group operating profit					
Continuing operations			115,962		46,596
Share of operating profit in associates and joint ventures			45,517		14,255
Total operating profit:					
Group and share of joint ventures and associates			161,479		60,851
Net interest payable and similar items	3				
- Group		(108,396)		(74,192)	
- Fair value gain/(loss) on derivatives		92,083		13,730	
- Associates and joint ventures		(26,006)		(14,087)	
			(42,319)		(74,549)
Profit/(Loss) on ordinary activities before taxation	4		119,160		(13,698)
Tax on loss on ordinary activities	5				
- Group		12,820		(15,404)	
- Associates and joint ventures		(4,962)		(4,082)	
			7,858		(19,486)
Profit/(Loss) on ordinary activities after taxation			127,018		(33,184)
Equity minority interests	18		(4,359)		(4,318)
Profit/(Loss) for the financial year	17		122,659		(37,502)

There is no difference between the profit/(loss) on ordinary activities before taxation and the retained profit/(loss) for the financial year stated above and their historic cost equivalents

BIIF Holdco Limited

Statement of Group Total Recognised Gains and Losses

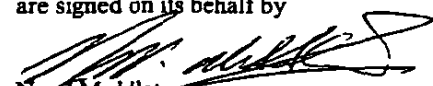
For the year ended 31 December 2013

	31 Dec 2013 £000	31 Dec 2012 £000
Profit/(Loss) for the financial year attributable to shareholders	122,659	(37,502)
Unrealised profit of revaluation of investment property	250	2,583
Total recognised gains/(losses) since last annual report	<u>122,909</u>	<u>(34,919)</u>

BIIF Holdco Limited
Group and Company Balance Sheets
As at 31 December 2013

	Note	Group 31 Dec 2013 £000	Group 31 Dec 2012 £000	Company 31 Dec 2013 £000	Company 31 Dec 2012 £000
Fixed assets					
Tangible assets	7	435,237	410,693	-	-
Investment properties	7	64,103	63,853	-	-
Investments					
Interests in joint ventures	8				
Share of gross assets		1,724,668	1,472,905	-	-
Share of gross liabilities		(1,375,969)	(1,165,346)	-	-
Associates	8				
Interest in associates		102,886	102,379	-	-
		<u>451,585</u>	<u>409,938</u>	-	-
		<u>950,925</u>	<u>884,484</u>	-	-
Current assets					
Debtors, due within one year	10	83,163	87,817	-	-
Debtors, due after more than one year	11	1,445,465	1,474,258	-	-
Cash in hand and at bank		210,380	198,295	-	-
		<u>1,739,008</u>	<u>1,760,370</u>	-	-
Creditors: amounts falling due within one year	12	(274,281)	(259,374)	-	-
Net current assets		<u>1,464,727</u>	<u>1,500,996</u>	-	-
Total assets less current liabilities		<u>2,415,652</u>	<u>2,385,480</u>	-	-
Creditors: amounts falling due after more than one year	13	(2,207,468)	(2,205,695)	-	-
Derivative financial instruments	9	(394,403)	(486,486)	-	-
Provision for liabilities and charges					
– Deferred taxation	14	(56,542)	(63,193)	-	-
Net liabilities		<u>(242,761)</u>	<u>(369,894)</u>	-	-
Capital and reserves					
Called up share capital	15	-	-	-	-
Revaluation reserve	16	2,833	2,583	-	-
Foreign exchange reserve		(126)	-	-	-
Profit and loss account	17	(273,762)	(396,421)	-	-
Total shareholders' deficit	19	<u>(271,055)</u>	<u>(393,838)</u>	-	-
Equity minority interests	18	28,294	23,944	-	-
		<u>(242,761)</u>	<u>(369,894)</u>	-	-

These financial statements on pages 8 to 36 were approved by the Directors and authorised for issue on 26 September 2014 and are signed on its behalf by


Nigel Middleton
Director

BIIF Holdco Limited
Group Cash Flow Statement
For the year ended 31 December 2013

		Year ended 31 Dec 2013		Year ended 31 Dec 2012	
	Note	£000	£000	£000	£000
Net cash flow from operating activities	20		126,655		43,458
Dividends received			11,863		16,634
Returns on investment and servicing of finance					
Interest received		88,575		89,251	
Interest paid		(188,493)		(116,424)	
Net cash outflow from returns on investments and servicing of finance			(99,918)		(27,173)
Taxation			(1,705)		(4,433)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(43,575)		(19)	
Net cash outflow from capital expenditure and financial investment			(43,575)		(19)
Acquisitions and disposals					
Cash acquired		-		75	
Acquisition of subsidiary undertakings		-		(47,788)	
Purchase of interest in associates and joint ventures		(589)		(9,001)	
Proceeds of sale of interest in associates and joint ventures		77,313		-	
Net cash outflow from acquisitions and disposals			76,724		(56,714)
			70,044		(28,247)
Financing					
Receipts of new banking facilities		87,820		26,000	
Net decrease in bank borrowings and other loans		(105,892)		(9,657)	
Capital repayments of loan amounts issued to joint ventures and associates		5,023		5,252	
Loans advanced to joint ventures and associates		(55,771)		(16,923)	
Net movement in loan amounts due from project companies in the Group under sub participation agreement from the bank		10,861		10,770	
			(57,959)		15,442
Increase/(Decrease) in cash			12,085		(12,805)

BIIF Holdco Limited

Notes to the financial statements

For the year ended 31 December 2013

1. Accounting policies

A summary of the principal Group Accounting Policies, all of which have been applied consistently throughout the year, is set out below

Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial instruments and in accordance with Companies Act 2006 and applicable Accounting Standards in the United Kingdom

Going concern

The Group has received loans from external banks, which are secured against the cash flows from the Group's investments and also loans from its ultimate parent undertaking. The financial statements have been prepared on a going concern basis following an assessment of the financial viability of each of the Group's principal investments, and also the sources of cash flow projected to be available to service the portfolio debt obligations within the Group. This assessment indicates that although the Group currently has net liabilities sufficient funds will be generated to allow ongoing obligations to be met as they fall due.

The Directors have taken advantage of the exemption available under section 408 of the Companies Act 2006 and have not prepared a Profit and Loss Account for BIIF Holdco Limited.

Method of consolidation – subsidiaries

On acquisition of a business, all the business's assets and liabilities that exist at the date of acquisition are recorded at their fair values. Initially, provisional fair values are allocated and these are finalised within 12 months of the date of control. All changes to those assets and liabilities and resulting gains and losses that arise after the Group has gained control of the subsidiary are charged to the post acquisition Profit and Loss Account. The purchase consideration is measured as the fair value of the assets given up or liabilities undertaken plus costs directly attributable to the acquisition. Goodwill is the excess purchase consideration over the fair value of the identifiable assets and liabilities acquired.

Subsidiaries are enterprises that are controlled by the Group over which it typically has in excess of 50% of the voting rights. The Group consolidates the results of the company and its subsidiaries. Subsidiary acquisitions are accounted for using the acquisition method of accounting in accordance with FRS 6. All inter-group transactions, balances and unrealised gains on transactions between Group entities have been eliminated in full.

Fair value adjustments which are made at the date of acquisition are amortised on a straight line basis over the period of the life of the underlying asset.

Uniform accounting policies are applied across all subsidiaries within the Group.

Method of consolidation – associates and joint ventures

Investments in associates and joint ventures are consolidated using the equity and gross equity methods respectively. In arriving at the amounts to be included by the equity method, the same accounting policies as those of BIIF Holdco Limited are applied. Where practicable, associates and joint ventures are included on the basis of financial statements prepared for a period not more than three months before the Group's year end. Where the associate's or joint venture's accounting reference date is greater than three months prior to 31 December, the associates are consolidated based on the latest statutory accounts adjusted for management accounts to 31 December.

Associates are enterprises, other than joint ventures, that are not controlled by the Group, over which the Group generally has between 20% and 50% of the voting rights, or over which the Group has significant influence.

All balances and effects of transactions between each associate and joint venture and the Group have been eliminated to the extent of the Group's interest in the associate and joint venture.

BIIF Holdco Limited

Notes to the financial statements

For the year ended 31 December 2013

Accounting policies (continued)

Taxation

The tax expense represents the sum of current tax expense and deferred tax expense

Current tax expense is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Profit and Loss Account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax

Deferred tax is fully provided on timing differences recognised by the Balance Sheet date when the Company has an obligation to pay more or less tax in the future as a result of these timing differences. The Company has not adopted a policy of discounting deferred tax assets and liabilities, as permitted by FRS 19 (Deferred Tax). The deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the Balance Sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Turnover

Turnover, which excludes value added tax, represents the invoiced value of the unitary charges earned wholly in the United Kingdom, in relation to the provision of the buildings, other assets and services under the Government's Public Finance Initiative.

Accounting for PFI assets

The unitary charge is the turnover of the Group which is received from the provision of a PFI asset to the customer and is received over the life of the concession period. Where the unitary charge is separable, the provisions of SSAP 21 (lease accounting) have been applied. In this case the property element is treated as a finance debtor representing the discounted expected future unitary charge receipts from the relevant project for the property. Where the unitary charge is non-separable and substantially all the risks and rewards of ownership remain with the Group, the asset is accounted for as a fixed asset. In the majority of cases, the Directors consider that the risks and rewards do not remain with the Group, and thus the costs of construction or acquisition of the asset are included within finance debtor.

Costs incurred in the construction of subsidiaries' assets have been accounted for under Financial Reporting Standard (FRS) 5 Application Note F.

a. Finance debtor

When applying the guidance within the Application Note indicates that the project's principal agreements transfer substantially all the risks and rewards of ownership to the customer, the costs incurred by the Group on the design and construction of the asset have been treated as a finance debtor within these financial statements.

Management service income is allocated between turnover and reimbursement of finance debtor so as to generate a constant rate of return in respect of the finance debtor over the life of the contract. Turnover represents the income allocated to the services provided as part of the overall project.

b. Tangible fixed assets

Assets completed and under construction are shown at cost. In determining the relevant accounting treatment of the transactions, consideration is given to the provisions included in FRS 5 and HM Treasury guidance.

Interest and other directly attributable finance costs in respect of loans for the purpose of constructing assets are capitalised as part of the cost of constructing the buildings up to the date of practical completion. Subsequent interest is charged to the Profit and Loss Account.

BIIF Holdco Limited

Notes to the financial statements

For the year ended 31 December 2013

Accounting policies (continued)

c. Investment properties

Investment properties are accounted for in accordance with Statement of Standard Accounting Practice No 19. Investment properties are re-valued annually and the aggregate surplus or deficit is transferred to or from a revaluation reserve except where a deficit is deemed to represent a permanent impairment in the value of the property, in which event it is charged to the Profit and Loss Account and no depreciation is provided in respect of long leasehold investment properties.

Although the Companies Act 2006 would normally require the systematic annual depreciation of fixed assets, the Directors believe that this policy of not providing depreciation is necessary in order for the financial statements to give a true and fair view, since the current value of investment properties, and changes in that current value, are of prime importance rather than a calculation of systematic annual depreciation. If this departure from the Act had not been made, the profit for the financial year would have been decreased by depreciation. Depreciation is only one of the many factors reflected in the annual valuation, and the amount which might otherwise have been shown cannot be separately identified or quantified.

Depreciation

On completion (date on which an availability certificate is issued), depreciation is charged on Buildings on a straight line basis to the Profit and Loss Account over the useful economic life of each asset. The annual rates applied to each class of asset are:

Buildings	concession period 25 to 35 years – 2.9% to 4.0% straight line
Equipment	concession period 25 to 29 years straight line and 12.5% – 33% reducing balance

Impairment

All assets, including financial assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Where an indicator of impairment or objective evidence exists, an estimate of the asset's recoverable amount is made. An impairment loss is recognised in the Profit and Loss Account for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. This is at the individual project company level within the Group.

Government grants

Grants which relate to specific capital expenditure are treated as deferred income, which is then credited to the Profit and Loss Account on a straight line basis over the asset's useful economic life. Other grants are credited to the Profit and Loss Account when earned.

Deferred income

Deferred income also includes capital contributions towards the construction of fixed assets from the public sector counterparty on certain projects completed by the Group. The capital contribution has been treated similarly to the receipt of a grant and is therefore included in deferred income and will be amortised on a straight line basis over the life of the related asset.

BIIF Holdco Limited

Notes to the financial statements

For the year ended 31 December 2013

Accounting policies (continued)

Capital instruments

Shares are included in shareholder funds. Debt instruments, which contain an obligation to repay, are classified as liabilities. The finance costs recognised in the Profit and Loss Account in respect of capital instruments, other than shares, are allocated to periods over the operating life of the instrument to which they relate at a constant carrying amount in accordance with FRS 4.

Financial instruments

The Group holds certain derivative financial instruments which are designed to hedge against movements in market indices, principally interest rates and associated RPI swaps. While the Group does not undertake speculative hedging the Group has not elected to apply hedge accounting to these transactions.

Derivatives are initially accounted for and measured at fair value on the date a derivative contract is entered into and subsequently measured at fair value at each Balance Sheet date. The gain or loss on the movement in the fair value is taken to the Profit and Loss Account.

The fair value of swaps is based on the market price of comparable instruments at the Balance Sheet date if they are publically traded. The fair value of assets with a maturity of less than 12 months approximates the book value.

Capital risk management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

2. Turnover

The turnover and profit before tax are attributable to the one principal activity of the Company and arise entirely from continuing operations. An analysis of turnover is given below.

	31 Dec 2013 £000	31 Dec 2012 £000
United Kingdom	461,297	430,783
Other European Union	55,312	-
Total turnover	<u>516,609</u>	<u>430,783</u>

BIIF Holdco Limited
Notes to the financial statements
For the year ended 31 December 2013

3 Interest and similar items

	31 Dec 2013	31 Dec 2012
	£000	£000
Interest payable		
Interest payable on bank loans and overdrafts	(117,391)	(97,105)
Interest payable on Eurobond	(42,837)	(37,940)
Interest on long term bond	(12,328)	(7,363)
Amortisation of loan issue costs	(7,217)	(5,899)
Share of joint venture interest payable	(65,866)	(65,828)
Share of associate interest payable	(25,016)	(27,076)
Total interest payable and similar items	(270,655)	(241,211)
Interest receivable		
Bank interest receivable	3,968	2,817
Other interest	-	2,981
Share of joint venture interest receivable	52,127	65,293
Share of associate interest receivable	12,749	13,524
Finance debtor interest receivable	67,409	68,317
Total interest receivable	136,253	152,932
Fair value gain/(loss) on derivatives	92,083	13,730
Net interest payable and similar items	(42,319)	(74,549)
Represented by net interest payable and similar items		
Continuing operations	(16,313)	(60,462)
Share of joint ventures	(13,739)	(535)
Share of associates	(12,267)	(13,552)
	(42,319)	(74,549)

BIIF Holdco Limited

Notes to the financial statements

For the year ended 31 December 2013

4 Profit/(Loss) on ordinary activities before taxation

31 Dec 2013	31 Dec 2012
£000	£000

Profit/(Loss) on ordinary activities before taxation is stated after charging

Depreciation of tangible fixed assets	19,030	20,252
Amortisation of fair value adjustments	24,718	35,587
Gain on disposal of fixed asset investment	53,073	-
Wages and salaries	2,647	2,578
Social security costs	288	357

Fee payable to the company auditor for the audit of the parent company, subsidiary companies and consolidated accounts (parent company £4,000)	745	769
--	-----	-----

Fees paid to PricewaterhouseCoopers LLP for non-audit services to the Company and its subsidiaries in the UK were £17,000 (2012 £66,000)

There were 50 employees in the financial year other than the Directors (2012 50)

None of the Directors of the Company received any remuneration from the Group during the year (2012 £nil) Attention is drawn to the payments made to certain Directors of subsidiary undertakings disclosed in note 24

5 Taxation

31 Dec 2013	31 Dec 2012
£000	£000

Current tax

UK corporation tax on profit/(loss) for the year	1,711	9,182
Adjustments in respect of prior periods for subsidiary companies	(7,506)	10,454

Tax on profit on ordinary activities	(5,795)	19,636
---	----------------	---------------

Deferred tax

Origination and reversal of timing differences	(7,025)	(4,232)
--	---------	---------

Total deferred tax credit	(7,025)	(4,232)
----------------------------------	----------------	----------------

Share of associates and joint ventures tax	4,962	4,082
---	--------------	--------------

Tax on profit/(loss) on ordinary activities	(7,858)	19,486
--	----------------	---------------

BIIF Holdco Limited
Notes to the financial statements
For the year ended 31 December 2013

5 Taxation (continued)

The tax assessed for the year is lower than (2012 higher than) the standard rate applying in the UK (23.25%) (2012 24.49%). The differences are explained below

	31 Dec 2013 £000	31 Dec 2012 £000
Profit/(Loss) on ordinary activities before tax	99,649	(13,866)
Share of profit in associates and joint ventures before tax	19,511	168
Group profit/(loss) on ordinary activities before tax	<u>119,160</u>	<u>(13,698)</u>
Profit/(Loss) on ordinary activities at the UK tax rate 23.25% (2012 24.49%)	27,701	(3,356)
Effects of		
(Income)/expenses not deductible for tax purposes	(20,349)	6,812
Losses not recognised	(13,633)	310
Adjustment in respect of prior year tax charge	(7,506)	10,454
Accelerated capital allowances/other timing differences	486	(48)
Non-trading transfer pricing adjustment	7,850	5,427
Effect of rate change	(344)	37
Total current tax charge	<u>5,795</u>	<u>19,636</u>

6. Results of holding company

A Company profit of £nil (2012 £nil) is dealt with by the parent accounts of BIIF Holdco Limited. The Directors have taken advantage of the exemption available under section 408 of the Companies Act 2006 and have not presented a Profit and Loss Account for the Company alone.

BIIF Holdco Limited

Notes to the financial statements

For the year ended 31 December 2013

7 Tangible fixed assets Group

	Buildings £000	Equipment £000	Total £000
Cost or valuation			
As at 1 January 2013	435,371	85,148	520,519
Additions	-	43,575	43,575
Disposals	-	(114)	(114)
As at 31 December 2013	435,371	128,609	563,980
Depreciation			
As at 1 January 2013	77,432	32,394	109,826
Charge for the period	15,776	3,254	19,030
Disposals	-	(113)	(113)
As at 31 December 2013	93,208	35,535	128,743
Net book value			
As at 31 December 2013	342,163	93,074	435,237
As at 31 December 2012	357,939	52,754	410,693

Interest charged to the Profit and Loss Account included within the depreciation charge is £524,000 (2012 £895,000)
Interest capitalised to date, included in cost, totals £18,941,000 (2012 £18,941,000) Included within the total for
Equipment is £7,578,000 (2012 £7,578,000) in respect of assets held under finance lease

The Company has no fixed assets

	Land & Buildings £000
Investment properties - Group	
Cost or valuation	
As at 1 January 2013	63,853
Revaluation	250
As at 31 December 2013	64,103

The Group holds residential and commercial investment properties

The residential investment properties were revalued on an open market basis in February 2013 by Derek Nesbitt a member of the Royal Institution of Chartered Surveyors on behalf of DTZ Debenham Tie Leung Limited

The commercial investment property was revalued by Rushton International on the basis of market value at 31 December 2010 The Directors consider that the valuation carried out in December 2010 continues to reflect the current market value

BIIF Holdco Limited

Notes to the financial statements

For the year ended 31 December 2013

8 Investments

Group Investments	Joint ventures £000	Associates £000	Loans to joint ventures £000	Loans to associates £000	Total £000
Cost or valuation					
As at 1 January 2013	213,104	78,826	94,455	23,553	409,938
Additions	590	-	54,739	1,032	56,361
Disposals	(24,210)	(30)	-	-	(24,240)
Impairment	-	-	-	-	-
Transfer to controlled entities	-	-	-	-	-
Share of retained profits	14,663	(114)	-	-	14,549
Repayment of loan	-	-	(4,643)	(380)	(5,023)
At 31 December 2013	204,147	78,682	144,551	24,205	451,585

The following additional information is provided in respect of equity accounted investments

	Share of Turnover £000	Share of non-current assets £000	Share of current assets £000	Share of non-current liabilities £000	Share of current liabilities £000	Share of net assets £000
31 December 2013						
Joint ventures	177,793	1,484,757	239,910	1,291,152	84,817	348,698
Associates	52,432	372,992	83,782	317,437	36,450	102,887
31 December 2012						
Joint ventures	113,826	1,242,617	230,288	1,045,902	119,444	307,559
Associates	53,327	384,926	86,190	338,698	30,039	102,379

Investments in Group undertakings are stated at cost The Directors consider that to give full particulars of all subsidiaries would lead to a statement of excessive length

BIIF Holdco Limited **Notes to the financial statements** For the year ended 31 December 2013

8 Investments (continued)

The companies listed below are those which materially affect the profit/(loss) and assets/(liabilities) of the Group

Investment	% holding ordinary shares	Country of Incorporation	Sector	Profit/(Loss) for the period ended 31 December 2013 £000	Capital and reserves at 31 December 2013 £000	Accounting period end date
Alert Communications Ltd	80%	England & Wales	Military	1,462	(5,419)	31 March
Lanterndew Limited	100%	England & Wales	N/A	(1,878)	19,879	31 December
Blackshaw Healthcare Services Ltd	100%	England & Wales	Healthcare	1,928	9,278	31 December
Dumfries Facilities Ltd	100%	Scotland	Healthcare	278	608	31 December
Luton Health Facilities Ltd	100%	England & Wales	Healthcare	213	260	31 December
Warsbeck Healthcare Facilities Ltd	100%	England & Wales	Healthcare	313	752	31 December
GH Newham Ltd	100%	England & Wales	Healthcare	1,184	4,640	31 December
GH Bodmin Ltd	100%	England & Wales	Healthcare	785	2,243	31 December
GH Bury Ltd	100%	England & Wales	Healthcare	214	93	31 December
Infrastructure Investors Castlehill Ltd	100%	England & Wales	Healthcare	204	1,113	31 December
Machine Ltd	100%	England & Wales	Education	695	1,730	31 December
Newman Ltd	100%	England & Wales	Education	535	620	31 December
Kinnoull House Ltd	100%	Scotland	Administration	1,238	7,752	31 December
Alpha Schools (West Lothian) Ltd	100%	Scotland	Education	(743)	1,008	31 December
Adams Campus Ltd	100%	England & Wales	Education	35	660	31 December
Normanby Healthcare (Projects) Ltd	100%	England & Wales	Healthcare	294	1,179	31 December
Eastbrook Facilities Ltd	100%	England & Wales	Administration	1,097	8,045	31 December
Robertson Health (Chester le Street) Ltd	100%	England & Wales	Healthcare	275	1,160	31 December
Robertson Education (Aberdeenshire) Ltd	100%	Scotland	Education	916	1,016	31 December
Robertson Education (Ingleby Barwick) Ltd	100%	England & Wales	Education	265	695	31 December
Kintra Ltd	100%	England & Wales	Healthcare	225	241	31 December
Grannag Ltd	100%	England & Wales	Education	571	681	31 December
Innovate East Lothian Ltd	100%	Scotland	Education	(2,401)	(7 125)	31 December
HpC King's College Hospital Ltd	75%	England & Wales	Healthcare	667	(11,414)	31 March
Covesea Limited	53.8%	Scotland	Military	2,178	17,214	31 August
PFI Senior Funding Limited	100%	England & Wales	N/A	(136,038)	(209,202)	31 December

BIIF Holdco Limited **Notes to the financial statements** For the year ended 31 December 2013

8 Investments (continued)

Investment	% holding ordinary shares	Country of incorporation	Sector	Profit/(Loss) for the period ended 31 December 2013 £000	Capital and reserves at 31 December 2013 £000	Accounting period end date
Traffic Information Services (TIS) Limited	100%	England & Wales	Transport	161	334	31 December
Defence Management (Watchfield) Limited	100%	England & Wales	Military	6,584	28,234	31 December
Premier Custodial Finance Limited	100%	England & Wales	Corrective Services	723	8,154	31 December
Lowdham Grange Prison Services Limited	100%	England & Wales	Corrective Services	494	7,480	31 December
Moreton Prison Services Limited	100%	England & Wales	Corrective Services	1,710	14,177	31 December
Pucklchurch Custodial Services Limited	100%	England & Wales	Corrective Services	694	7,018	31 December
Modonsley Training Services Limited	100%	England & Wales	Corrective Services	(32)	316	31 December
Kilnamock Prison Services Limited	100%	England & Wales	Corrective Services	695	9,431	31 December
SDMS Limited	100%	England & Wales	Corrective Services	1,767	5,222	31 December
LH Project Limited	100%	Scotland	Military	437	343	31 December
KE Project Limited	100%	Scotland	Healthcare	552	1,022	31 December
CH Bolton Limited	100%	England & Wales	Education	(616)	951	31 December
Tiverton Healthcare Facilities Limited	100%	England & Wales	Healthcare	325	833	31 December
Bannockburn Homes Limited	100%	England & Wales	Healthcare	931	19,082	31 December
Vulcans Lane Estates Limited	100%	Scotland	Military	273	970	31 December
West Cumbria Estates Management Limited	100%	England & Wales	Police	183	794	31 December
Newschool (Penweddig) Limited	100%	England & Wales	Police	485	2,173	31 December
Lochgiphead Healthcare Services Limited	55%	Scotland	Education	486	172	31 December
Salisbury Healthcare Facilities Limited	100%	England & Wales	Healthcare	403	1,191	31 December
Forfar Healthcare Limited	100%	Scotland	Healthcare	588	917	31 December
Midlothian Schools Limited	100%	Scotland	Education	18	(110)	31 December
ABC Schools Limited	100%	Scotland	Education	371	(1 630)	31 December
Catchment Moray Limited	85%	Scotland	Education	(12)	9,479	31 December
Catchment Tay Limited	51%	Scotland	Water Treatment	4,682	9,755	31 December
Catchment Limited	85%	Scotland	Water Treatment	3,215	16,972	31 December
NVSH Holdco Limited	100%	Scotland	Water Treatment	1,806	17,526	31 December
Connect A50 Ltd	75%	England & Wales	Healthcare	2,207	3,804	31 December
Black Hill Wind Farm Ltd	100%	England & Wales	Transport	3,150	5,356	31 December
SJDA 11	90%	France	Electricity Production	-	33	28 February
			Corrective Services	-		

BIIF Holdco Limited **Notes to the financial statements** For the year ended 31 December 2013

8 Investments (continued)

The particulars of loans due from joint ventures and associates are

Joint ventures and associates	% holding ordinary shares	Country of Incorporation	Sector	Sum advanced £	Interest rate applied	Date of maturity of loan	Interest received	Accrued income and prepayment at 31 Dec 2013	Accounting Period end date
Key Health Services (Addenbrookes) Limited	50%	England & Wales	Healthcare	3,681,554	11.25%	2037	416	104	31 December
Fasttrax Limited	50%	England & Wales	Military	3,639,659	11.25%	2025	658	165	31 December
Summit Healthcare (Wishaw) Ltd	60%	Scotland	Healthcare	8,819,251	18.00%	2028	1,588	400	31 March
Modern Courts (Humberstone) Ltd	50%	England & Wales	Justice	1,272,614	13.00%	2025	166	28	30 April
Modern Courts (East Anglia) Ltd	50%	England & Wales	Justice	964,508	13.20%	2025	135	-	31 December
The Education Support Company (Leeds) Ltd	50%	England & Wales	Education	1,679,304	13.00%	2028	219	55	31 March
Consoni Healthcare (Durham) Limited	50%	England & Wales	Healthcare	5,005,969	LIBOR + 6%	2028	338	83	31 December
Genusics Ltd	50%	England & Wales	Military	6,742,671	13.50%	2020	907	460	31 December
Connect M1-A1 Limited	50%	England & Wales	Transport	4,754,419	15.00%	2016	426	109	31 March
PPP Services (North Ayrshire) Limited	55%	Scotland	Education	4,147,032	14.00%	2037	586	122	31 December
FCC (East Ayrshire) Limited	45%	Scotland	Education	1,670,500	9.00%	2037	334	84	31 December
Consoni Healthcare (Edinburgh Royal Infirmary) Ltd	50%	Scotland	Education	8,111,523	LIBOR + 6%	2023	546	195	31 December
Glasgow Healthcare Facilities Ltd	50%	Scotland	Healthcare	9,699,500	13.75%	2039	1,334	336	31 December
Stobhill Healthcare Facilities Limited	60%	Scotland	Healthcare	1,205,996	13.25%	2031/2042	159	53	31 December
Sewell Education (York) Limited	50%	England & Wales	Education	-	-	-	-	-	31 December
Stirling Gateway Limited	50%	Scotland	Education	3,324,003	13.50%	2039	446	112	31 March
Sheppey Route Limited	50%	England & Wales	Transport	2,832,176	12.75%	2033	447	89	31 December
Blue Transmission Walney 1 Limited	50%	Jersey	Energy	7,118,064	7.88% + RPI	2031	621	73	31 March
Blue Transmission Walney 2 Limited	50%	Jersey	Energy	8,167,622	7.88% + RPI	2031	820	61	31 March
Blue Transmission London Array Limited	50%	England & Wales	Energy	40,999,578	8.21%	2033	1,050	1,050	31 March
Blue Transmission Sheringham Shoal Limited	50%	England & Wales	Energy	12,629,179	9.5%	2033	588	581	31 March
The Walsall Hospital Company Limited	50%	England & Wales	Healthcare	8,075,763	12.30%	2040	1,303	250	31 December
Hounslow Highways Limited	50%	England & Wales	Transport	-	-	-	-	-	31 December
SIDA 12	56%	France	Justice	-	-	-	-	-	28 February
Ligera SPV	60%	France	Education	-	-	-	-	-	31 December

BHF Holdco Limited

Notes to the financial statements

For the year ended 31 December 2013

8 Investments (continued)

Joint ventures and associates	% holding ordinary shares	Country of Incorporation	Sector	Sum advanced £	Interest rate applied	Date of maturity of loan	Interest received	Accrued income and prepayment at 31 Dec 2013	Accounting Period end date
Road Management Group Limited	42%	England & Wales	Transport	4,803,967	12.00%	2022	1,024	4,644	31 December
Road Management Services (Darrington) Limited	25%	England & Wales	Transport	3,524,742	10.00%	2036	361	89	31 December
Catalyst Healthcare (Calderdale) Ltd	20%	England & Wales	Healthcare	638,000	15.00%	2031	96	8	31 December
Catalyst Healthcare (Worcester) Ltd	17%	England & Wales	Healthcare	526,149	8.40%	2031	79	-	31 December
Albion Healthcare (Oxford) Limited	25%	England & Wales	Healthcare	1,173,725	12.26%	2036	144	73	31 December
City Greenwich Lewisham Rail Link plc	40%	England & Wales	Transport	-	-	-	-	-	31 December
Connect A30/35 Limited	42%	England & Wales	Transport	-	-	-	-	-	31 March
Connect M77 / GSO Limited	15%	England & Wales	Transport	3,552,927	12.10%	2035	386	-	31 March
Emblem Schools Limited	30%	Scotland	Education	1,681,149	13.75%	2032	232	58	31 March
Manchester Schools Services Limited	25%	England & Wales	Education	7,732,199	12.85%	2031	94	-	31 December
CSM PPP Services Limited	25%	Ireland	Education	-	-	-	183	34	31 December
Bangor and Nendrum Schools Services Limited	20%	Northern Ireland	Education	-	-	-	73	18	31 December
Salford Schools Solutions Limited	25%	England & Wales	Education	-	-	-	84	-	31 December
The Edinburgh Schools Partnership Limited	17%	Scotland	Education	387,908	13.07%	2033	59	13	31 March
Lighting for Staffordshire Limited	40%	England & Wales	Transport	183,446	13.18%	2025	25	5	31 December

The Group accounts for an investment as an associate when it has significant influence but not control. This is typically demonstrated when the Group nominates one or more Directors to the board of the investment. Where the shareholder agreements stipulate that all shareholders with board representation must consent to the approval of key matters the Group designates the investment to be a joint venture, even if the equity holding is not 50%.

BIIF Holdco Limited

Notes to the financial statements

For the year ended 31 December 2013

9 Derivative financial instruments

	Group 31 Dec 2013 £000	Group 31 Dec 2012 £000	Company 31 Dec 2013 £000	Company 31 Dec 2012 £000
Liabilities				
Interest rate swaps	333,866	433,062	-	-
RPI swaps	60,537	53,424	-	-
	<u>394,403</u>	<u>486,486</u>	<u>-</u>	<u>-</u>

10 Debtors: amounts falling due within one year

	Group 31 Dec 2013 £000	Group 31 Dec 2012 £000	Company 31 Dec 2013 £000	Company 31 Dec 2012 £000
Trade debtors	11,620	16,661	-	-
Finance debtor	9,343	15,680	-	-
Amounts due from bank (note 11)	11,106	10,962	-	-
Prepayments and accrued income	34,756	36,784	-	-
Other debtors	16,338	-	-	-
		7,730	-	-
	<u>83,163</u>	<u>87,817</u>	<u>-</u>	<u>-</u>

The Group has no receivables which are impaired or past due. Refer to note 25 for further information in relation to credit risk exposure in the Group.

11 Debtors: amounts falling due after one year

	Group 31 Dec 2013 £000	Group 31 Dec 2012 £000	Company 31 Dec 2013 £000	Company 31 Dec 2012 £000
Amounts due from bank	238,743	249,748	-	-
Finance debtor	1,206,722	1,224,510	-	-
	<u>1,445,465</u>	<u>1,474,258</u>	<u>-</u>	<u>-</u>

Amounts due from bank represents debt due from project companies within the Group, which were the subject of a sub-participation agreement between the bank and a subsidiary company (PFI Senior Funding Limited) dated 1 June 2001. These loans are secured by a fixed and floating charge over all the assets, rights and undertakings of the individual project companies. Each project has an individual repayment profile with the final payment being settled at the end of each project concession.

BIIF Holdco Limited

Notes to the financial statements

For the year ended 31 December 2013

12 Creditors: amounts falling due within one year

	Group 31 Dec 2013 £000	Group 31 Dec 2012 £000	Company 31 Dec 2013 £000	Company 31 Dec 2012 £000
Trade creditors	14,401	9,014	-	-
Other creditors	35,283	24,352	-	-
Accruals	61,658	70,604	-	-
Corporation taxation	-	4,645	-	-
Other taxes and social security costs	4,999	5,255	-	-
Finance leases	1,727	1,528	-	-
Bank loans (note 13(a))	144,836	132,183	-	-
Guaranteed secured bonds (note 13(c))	5,348	4,096	-	-
Other loans (note 13(e))	4,117	3,747	-	-
Deferred income (note 13(g))	1,912	3,950	-	-
	<u>274,281</u>	<u>259,374</u>	<u>-</u>	<u>-</u>

13 Creditors: amounts falling due after one year

	Group 31 Dec 2013 £000	Group 31 Dec 2012 £000	Company 31 Dec 2013 £000	Company 31 Dec 2012 £000
Finance leases	4,138	5,849	-	-
Bank loans (note 13(a))	1,394,115	1,459,419	-	-
Eurobond (note 13(b))	575,874	517,625	-	-
Guaranteed secured bonds (note 13(c))	163,853	169,173	-	-
Other loans (note 13(d))	15,447	18,403	-	-
Zero Coupon Bond (note 13(e))	3,091	2,804	-	-
Other creditors (note 13(f))	7,330	345	-	-
Deferred income (note 13(g))	43,620	32,077	-	-
	<u>2,207,468</u>	<u>2,205,695</u>	<u>-</u>	<u>-</u>

The repayment of bank and other loans is due as follows

Group	31 Dec 2013 £000	31 Dec 2012 £000
Due within one year	148,953	135,930
Due between one and two years	63,419	50,990
Due between two and five years	954,588	1,004,988
Due in more than five years	391,555	421,844
	<u>1,558,515</u>	<u>1,613,752</u>

BIIF Holdco Limited
Notes to the financial statements
For the year ended 31 December 2013

13 Creditors' amounts falling due after one year (continued)

(a) Bank loans

The total amount drawn down under bank loans at the year-end was £1,564,985,000 (2012 £1,623,874,000). Costs of £26,034,000 (2012 £32,271,000) have been set off against the total loan drawdowns, with £7,217,000 (2012 £5,899,000) of these costs charged to the Profit and Loss Account in the period in accordance with FRS 4.

An amount of £844,054,000 relates to two banking facilities secured by a guarantee offered to the bank by BIIF Holdco Group and all its subsidiaries. This guarantee is in turn supported by a fixed and floating charge over the assets of BIIF Holdco Limited. The loans are repayable under an arrangement whereby small repayments are made in the first few periods of the loan with both due to be repaid by 30 September 2016. It is expected that both facilities will be re-financed before their maturity.

The remaining facilities relate to borrowings held by individual project subsidiary companies and they are secured by way of fixed and floating charges over the assets of the specific project company which holds the borrowings. Maturity of these facilities ranges from 2016 to 2035. Interest payable on the Group's bank loans ranges from rates of 5.11% to 7.99%.

(b) Eurobond

A subsidiary in the Group has issued a Eurobond totalling £575,874,000 (2012 £517,625,000) which was subscribed for in full by the ultimate parent entity, BIIF LP. This Eurobond bears interest at 8% per annum and falls due for repayment on 9 January 2019.

(c) Secured bonds

A subsidiary has issued, at par value, £87,190,000 3.443% index-linked guaranteed secured bonds due 2004-2036. The bond is secured by way of a fixed and floating charge over the assets of the subsidiary and two immediate holding companies. Both the interest and principal balances are adjusted for the increase in the Retail Price Index at six monthly intervals, which cumulatively at 31 December 2013 amounted to 48.8% (2012 44.1%).

A subsidiary has issued £79,314,000 7.12% secured bonds which are due 2028. The bond is secured by way of a fixed and floating charge over the assets of the subsidiary.

The maturity profile of all bonds is as follows:

	31 Dec 2013 £000	31 Dec 2012 £000
Amounts repayable in one year or less or on demand	5,348	4,163
Between one and two years	5,103	5,262
Between two and five years	19,867	18,638
Over five years	719,344	667,300
	<hr/> 749,662	<hr/> 695,363
Unamortised finance costs associated with the bond issue	(1,496)	(1,665)
	<hr/> 748,166	<hr/> 693,698
Included within creditors' amounts falling due within one year	(5,348)	(4,163)
Amounts falling due after one year	<hr/> 742,818	<hr/> 689,535

BIIF Holdco Limited

Notes to the financial statements

For the year ended 31 December 2013

13 Creditors: amounts falling due after one year (continued)

(d) Other loans (all unsecured)

A subsidiary in the group has issued loan notes totalling £894,000 which bear interest at 13.5%. Of this balance, £607,000 represents unpaid interest on the loan notes and is due for payment within twelve months. The balance falls due for payment on 31 March 2032.

A subsidiary in the group has issued a £410,000 loan stock instrument. The loan bears a Coupon of 13.5% per annum and payment of capital falls due in the year 2035. The Coupon on the principal amount accrues daily and is payable on 30 September and 31 March each year. The amount is charged to the Profit and Loss Account as interest falls payable. The sum was advanced under a subordinated loan agreement and is, therefore, unsecured and would rank alongside ordinary creditors in the event of a winding up.

The same subsidiary also issued a £116,000 subordinated loan note issued at a price of 20 pence for each £1 in nominal value of loan stock held. The loan bears a Coupon of 13.5% per annum and payment of capital falls due in the year 2035. The Coupon on the principal amount accrues daily and is payable on 30 September and 31 March each year. The sums were advanced under a subordinated loan agreement and rank alongside ordinary creditors but above the loan stock detailed above in the event of a winding up.

The same subsidiary also issued a £266,000 subordinated loan note. The loan bears a Coupon of 13.5% per annum and payment of capital falls due in the year 2035. The Coupon on the principal amount accrues daily and is payable on 30 September and 31 March each year. The sums were advanced under a subordinated loan agreement and rank alongside ordinary creditors but above the loan stock detailed above in the event of a winding up.

A subsidiary in the group has issued an unsecured loan with a value of £1,033,000 due 2037, bearing interest at 13.04%.

A subsidiary in the group has issued loan stock with a value of £780,000. The loan stock bears interest at 14% per annum and is repayable in semi-annual instalments with the final payment due on 31 August 2018.

A subsidiary in the group has issued loan stock with a value of £715,000 bearing interest at 13% per annum. The principal is repayable in full in February 2036.

A subsidiary in the group has issued loan stock with a value of £2,164,000 bearing interest at 9% and is repayable in instalments to December 2019.

A subsidiary in the group has issued loan stock with a value of £5,133,000. The loan stock bears interest at 13% and has repayment dates between 15 December 2012 and 15 December 2017.

A subsidiary in the group has issued loan stock with a value of £6,663,000. The loan stock bears interest at the rate per annum determined by the lender which will be calculated according to the aggregate of margin, LIBOR, and mandatory costs. The debt is repayable in 41 consecutive six monthly instalments, the first of which was repaid in August 2002 with the final instalment due on 31 August 2023.

A subsidiary in the group has issued loan notes totalling £1,250,000 which bear interest at 8%. Of this balance £95,616 represents unpaid interest on the loan notes. The balance is repayable on demand.

A subsidiary in the group has an unsecured loan of £140,000 which bears no interest and is repayable on demand.

(e) Zero coupon bond

A subsidiary company has issued a zero coupon bond with a redemption value of £8,000,000 on 3 October 2022. This bond was issued at a discount value of £633,416 which is amortised to maturity at a constant rate on the carrying amount of the debt.

BIIF Holdco Limited

Notes to the financial statements

For the year ended 31 December 2013

13 Creditors' amounts falling due after one year (continued)

(f) Other creditors

Included in other creditors is a decommissioning provision of £314,000 which provides for the future costs of decommissioning a wind farm. The provision has been discounted at an annual rate of 10% and this discount is charged to the Profit and Loss Account until 2027, the estimated date of decommissioning.

(g) Deferred income

Group	31 Dec 2013 £000	31 Dec 2012 £000
As at 1 January	36,027	39,403
Acquired during the period	11,417	-
Amortised during the period	(1,912)	(3,376)
As at 31 December	<u>45,532</u>	<u>36,027</u>

Deferred income is divided as follows

- In eleven projects, on completion of construction of the facilities, the public sector client made payments to the respective project companies (Eastbrook Facilities Limited, Covesea Limited, GH Newham Limited, GH Bodmin Limited, Kintra Limited, Bannockburn Homes Limited, KE Project Limited, LH Project Limited, Machrie Limited, NewSchools (Penweddig) Limited and Connect A50 Limited) as a contribution to the capital cost of the works. These contributions were deferred and will be amortised over the life of the project. The balance as at 31 December 2013 was £27,103,549 (2012 £26,778,970).
- £12,224,112 (2012 £3,043,896) in respect of a funding grant which will be amortised over the lifetime of the PFI concession contract.
- £6,203,836 (2012 £6,203,836) received following the arrangement of an RPI SWAP which will be amortised over the lifetime of the contract.

Of the balance at the year-end, it is expected that £1,912,000 (2012 £3,950,000) will be realised within 12 months and £43,620,000 (2012 £32,077,000) will be realised after 12 months.

14 Deferred taxation

Group	31 Dec 2013 £000	31 Dec 2012 £000
As at 1 January	63,193	64,796
Prior year adjustment	286	(15)
Revised balance as at 1 January	<u>63,479</u>	<u>64,781</u>
Deferred tax acquired	-	2,628
Deferred tax disposed	88	-
Deferred tax charge/(credit) for the year	(7,025)	(4,216)
As at 31 December	<u>56,542</u>	<u>63,193</u>
Analysis of deferred tax balances:		
Accelerated capital allowances	94,730	107,268
Other timing differences	(3,564)	(5,038)
Losses	(34,624)	(39,037)
	<u>56,542</u>	<u>63,193</u>

BIIF Holdco Limited
Notes to the financial statements
For the year ended 31 December 2013

14 Deferred taxation (continued)

The Group has an un-provided deferred tax asset of £102,742,000 (2012 £154,388,000) The deferred tax asset arises

- on consolidation as the Group has recognised the fair value of derivative financial liabilities This asset amounts to £78,881,000 (2012 £111,892,000)
- on unrelieved losses within certain Group companies This asset amounts to £23,861,000 (2012 £42,496,000)

This asset would be recoverable if the companies made sufficient taxable profits in future periods against which the losses could be offset

15 Called up share capital

Group and Company	31 Dec 2013 £	31 Dec 2012 £
Authorised		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		
1 Ordinary share of £1 each	<u>1</u>	<u>1</u>

16 Revaluation reserve

	Group £000	Company £000
As at 1 January 2013	2,583	-
Net increase in fair value of investment properties	250	-
As at 31 December 2013	<u>2,833</u>	<u>-</u>

17 Profit and loss account

	Group £000	Company £000
As at 1 January 2013	(396,421)	-
Profit/(Loss) for the year	122,659	-
As at 31 December 2013	<u>(273,762)</u>	<u>-</u>

18 Equity minority interest

	31 Dec 2013 £000	31 Dec 2012 £000
As at 1 January	23,944	19,623
Increase in minority interests	(9)	3
Profit attributable to minority interests	4,359	4,318
As at 31 December	<u>28,294</u>	<u>23,944</u>

BIIF Holdco Limited

Notes to the financial statements

For the year ended 31 December 2013

19 Reconciliation of movement in shareholders' funds

	Group 31 Dec 2013 £000	Group 31 Dec 2012 £000	Company 31 Dec 2013 £000	Company 31 Dec 2012 £000
As at 1 January	(393,838)	(358,919)	-	-
Net increase in fair value of investment properties	250	2,583	-	-
Net movement on foreign exchange reserve	(126)		-	-
Profit/(Loss) for the year/period	122,659	(37,502)	-	-
As at 31 December	<u>(271,055)</u>	<u>(393,838)</u>	<u>-</u>	<u>-</u>

20 Net cash flow from operating activities

Reconciliation of operating profit to net cash flow from operating activities	31 Dec 2013 £000	31 Dec 2012 £000
Operating profit	115,962	46,596
Dividend income	(11,863)	(16,634)
Depreciation charge	19,030	20,252
Gain on sale of investments	(53,073)	-
Amortisation of fair value adjustments	13,138	19,651
Amortisation of deferred income	(1,912)	(3,376)
(Increase)/Decrease in debtors	(19,582)	94,858
Increase/(Decrease) in creditors	64,955	(117,889)
	<u>126,655</u>	<u>43,458</u>

21 Reconciliation of net cash flow to movement to net debt

	31 Dec 2013 £000	31 Dec 2012 £000
Increase/(Decrease) in cash in the period	12,085	(12,805)
Cash inflow/(outflow) from increase in debt payable	18,072	(51,210)
Cash inflow/(outflow) from increase in loans receivable	(10,861)	(10,770)
Change in net debt resulting from cash flows	19,296	(74,785)
Increase in loans and cash	-	(23,407)
Amortisation of loan issue costs	(7,217)	(5,899)
Non-cash movements	(8,229)	(7,688)
Net debt at 1 January	(1,856,167)	(1,744,388)
Net debt at 31 December (note 22)	<u>(1,852,317)</u>	<u>(1,856,167)</u>

BIIF Holdco Limited

Notes to the financial statements

For the year ended 31 December 2013

22 Analysis of net debt

	1 Jan 2013 £000	Cash flow £000	Non- cash movements £000	31 Dec 2013 £000
Cash in hand and at bank	198,295	12,085	-	210,380
Debt payable within one year	(141,554)	(14,474)	-	(156,028)
Debt payable after one year	(2,173,618)	32,546	(15,446)	(2,156,518)
	<u>(2,315,172)</u>	<u>18,072</u>	<u>(15,446)</u>	<u>(2,312,546)</u>
Loan payments receivable within one year	10,962	144	-	11,106
Loan payments receivable after one year	249,748	(11,005)	-	238,743
	<u>260,710</u>	<u>(10,861)</u>	<u>-</u>	<u>249,849</u>
Total	<u>(1,856,167)</u>	<u>19,296</u>	<u>(15,446)</u>	<u>(1,852,317)</u>

23 Parent undertaking and ultimate controlling party

The ultimate parent and controlling entity is BIIF LP. BIIF LP is owned by a number of investors, with no one investor having individual control.

24 Related party transactions

The Group paid £41,250 (2012 £41,250) to the Sodexo Group for the services of the Sodexo employees as directors to HpC King's College Hospital (Holdings) Limited, a subsidiary of the Group in which Sodexo hold a minority interest. At 31 December 2013, £nil (2012 £nil) remained outstanding.

Sodexo Group also manage the non-clinical services for HpC Kings College Hospital (Holdings) Limited, a subsidiary of the Group in which the Sodexo Group hold a minority interest. The amount charged for these services was £nil (2012 £nil). At 31 December 2013, £9,092 (2012 £9,092) remained outstanding.

Sodexo Group also manage the lifecycle and estate services for HpC Kings College Hospital (Holdings) Limited, a subsidiary of the Group in which the Sodexo Group hold a minority interest. The amount charged for these services was £1,594,732 (2012 £1,565,425). At 31 December 2013, £nil (2012 £nil) remained outstanding.

A Director of Innovate East Lothian Limited during the period is also a Director of FES FM Limited. FES FM Limited provided facilities management services to the Company. The amount charged for these services was £3,937,598 (2012 £3,287,864). At 31 December 2013, £948,921 (2012 £666,479) remained outstanding. All contracts are carried out at arms-length.

A Director of Innovate East Lothian Limited during the period is also a Director of FES Limited. The payments due under the building contract referred to in note 13(d) are deferred under an agreement with FES Limited. This deferred payment totalled £nil (2012 £228,558) at the period end. FES Limited is also the holder of loan notes issued by Innovate East Lothian Limited totalling £517,000 (2012 £517,000) and loan notes issued by Innovate East Lothian (Holdings) Limited totalling £410,000 (2012 £416,000).

The Group has subcontracted the design, build, operation and maintenance of Alert Communications Group Holdings Limited to Babcock Communications Limited, a company which, through an intermediary holding company, holds a minority interest in Alert Communications Group Holdings Limited. During the year Alert Communications Limited was invoiced £4,359,350 (2012 £3,450,362) by Babcock Communications Limited in connection with operation and maintenance fees. At 31 December 2013, £1,249,642 (2012 £283,105) remained outstanding.

BIIF Holdco Limited

Notes to the financial statements

For the year ended 31 December 2013

24 Related party transactions (continued)

Veolia manage the operational activities of Catchment Limited, Catchment Moray Limited and Catchment Tay Limited, subsidiaries of the Group in which Veolia Group hold a minority interest. The total invoices raised in the year in respect of these services amounted to £11,496,200 (2012 £12,249,127). At 31 December 2013, £1,247,502 (2012 £1,282,538) remained outstanding.

Balfour Beatty Investments Limited, a subsidiary of Balfour Beatty plc, is employed under a Secondment Arrangement with Connect A50 Limited for the provision of managerial staff. The value of the services provided in the year was £400,000 (2012 £384,000). At 31 December 2013, £6,000 (2012 £9,000) remained outstanding.

Balfour Beatty Infrastructure Services Limited, a subsidiary of Balfour Beatty plc, is employed under a contract with Connect A50 Limited for the provision of technical supervision and maintenance of a roadway. The value of the contract in the year was £5,005,000 (2012 £4,646,000). At 31 December 2013, £253,000 (2012 £nil) remained outstanding.

The group has subcontracted the design, build, operation and maintenance of Societe Des Bus Hybrids Dijonnais to Heuliez Bus, a company which holds a minority interest in Societe Des Bus Hybrids Dijonnais. During the year Societe Des Bus Hybrids Dijonnais was invoiced £40,426,441 by Heuliez Bus for these services. At 31 December 2013, £116,279 remained outstanding.

The Group has subcontracted the design, build and management through construction of Helios B to Spie Batignolles, a company which holds a minority interest in Helios B. Spie Batignolles also receives a reimbursement of the costs of a corporate guarantee. During the year Helios B was invoiced £14,667,000 by Spie Batignolles in connection with these services. At 31 December 2013, £nil remained outstanding.

BIIF Holdco Limited

Notes to the financial statements

For the year ended 31 December 2013

25 Financial risk management objectives and policies

The Company's exposure to and management of interest rate risk, credit risk and liquidity risk is detailed below

Interest rate risk

The Company's policy is to manage its cost of borrowings using fixed rate debt. The disclosure below sets out the carrying amount, by maturity, of the Company's financial instruments that are exposed to interest rate risk

	Within 1 year £000	1 - 2 years £000	2 - 3 years £000	3 - 4 years £000	4 - 5 years £000	Over 5 years £000	Total £000
Period ended 31 December 2013							
Fixed Rate Liabilities:							
Bank loans	144,836	61,163	864,978	41,416	42,345	384,213	1,538,951
Eurobond	-	-	-	-	-	575,874	575,874
Bond loan	4,101	3,791	4,762	5,496	4,607	56,528	79,285
Other loans	4,119	2,256	2,641	2,031	1,177	6,625	18,849
Vendor loan notes	-	-	-	-	-	-	-
Floating Rate Liabilities:							
Bond loan	1,247	1,188	1,433	1,611	1,611	85,917	93,007
Floating Rate Assets:							
Cash in hand and at bank	210,380	-	-	-	-	-	210,380
	Within 1 year £000	1 - 2 years £000	2 - 3 years £000	3 - 4 years £000	4 - 5 years £000	Over 5 years £000	Total £000
Period ended 31 December 2012							
Fixed Rate Liabilities							
Bank loans	132,183	48,602	47,490	896,634	44,849	421,844	1,591,602
Eurobond	-	-	-	-	-	517,625	517,625
Bond loan	3,188	4,101	3,791	4,762	5,496	60,780	82,118
Other loans	3,747	2,391	2,423	2,577	1,935	9,077	22,150
Vendor loan notes	-	-	-	-	-	-	-
Floating Rate Liabilities:							
Bond loan	908	1,032	1,188	1,433	1,611	87,783	93,955
Floating Rate Assets:							
Cash in hand and at bank	198,295	-	-	-	-	-	198,295

Interest rate risk profile of financial liabilities

The fixed rate liabilities comprise bank loans at 6.68%, an 8% Eurobond, a 3.443% indexed-linked guaranteed bond and other loans at rates from 8-14%. The interest on the financial instruments classified as fixed rate is fixed until the maturity of the instrument.

At 31 December 2013, the Group has sterling floating rate liabilities (excluding unamortised costs) of £93,007,000 (2012: £93,955,000) being the original value of the bonds issued of £87,190,000 (2012: £87,190,000), adjusted for the increase in the Retail Price Index (RPI), and repayments to date and bank loans totalling £5,817,000 (2012: £6,765,000)

Of this balance, £63,948,000 (2012: £66,035,000) bears interest at 3.443% per annum as adjusted bi-annually for the increase in the RPI. At 31 December 2013, the increase in the cumulative RPI amounted to 48.8% (2012: 44.1%)

BIIF Holdco Limited

Notes to the financial statements

For the year ended 31 December 2013

25 Financial risk management objectives and policies (continued)

Interest rate risk profile of financial assets

At 31 December 2013, the Group has sterling cash balances of £210,380,000 (2012 £186,004,000) which bear interest at a floating rate based on the relevant bank's commercial interest rates

The Group has a total finance receivable debtor (including due within one year) of £1,255,247,000 (2012 £1,241,551,000) with a weighted average discount rate of 8.7% and a weighted average maturity of 18.4 years (2012 19.4 years)

Credit risk

Credit risk is the risk of financial loss to the Group if a customer, counterparty to a financial instrument or counterparty for facility management services fails to meet their contractual obligations

Credit risk is overseen by management, and arises mainly from

- cash and cash equivalents,
- derivative financial instruments,
- credit exposures to amounts due from outstanding receivables, and
- other committed transactions with counterparties

The Group's objective is to minimise credit risk to an acceptable level whilst not overly restricting the Group's ability to generate revenue and profit. It is the Group's policy to invest assets safely and profitably. Management monitors credit risk closely and considers that its current policies in managing the exposure to credit risk are appropriate.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of its key customers or counterparties. The Group's largest credit exposures are to public sector bodies and financial institutions. The amounts owed by the public sector bodies in the United Kingdom are considered to be a low credit risk by the Group. The counterparties for facility management are with well-established companies that operate several facility management contracts and the Group considers these companies unlikely to default on their respective liabilities to the group.

In determining whether a financial asset is impaired due to credit or counterparty risks, the Group takes account of

- The fair value of the asset at the Balance Sheet date and, where applicable, the historic fair value of the asset,
- In the case of receivables, the counterparty's typical payment patterns, and
- In the case of other counterparty's, the current contract performance and the latest available information on the counterparty's credit worthiness

BIIF Holdco Limited

Notes to the financial statements

For the year ended 31 December 2013

25 Financial risk management objectives and policies (continued)

Liquidity risk

The principal repayments of the bond are subject to variations in the retail price index to which the bond is linked

The table below summarises the maturity profile of the Company's financial liabilities at 31 December 2013 based on contractual undiscounted payments

	On demand £000	Less than 3 months £000	3 to 12 months £000	1 to 5 years £000	Over 5 years £000	Total £000
Period ended 31 December 2013						
Trade and other creditors and accruals	-	111,961	-	-	8,045	120,006
Bank loan (including net settled derivatives)	46,906	42,430	145,138	1,115,240	1,233,073	2,582,787
Eurobond	-	-	-	-	806,223	806,223
Bond loan	-	3,655	13,112	67,356	233,712	317,835
Other loan	-	976	4,256	18,444	33,141	56,817

Period ended 31 December 2012

Trade and other creditors and accruals	-	202,620	-	-	-	202,620
Bank loan (including net settled derivatives)	49,379	33,785	145,164	1,188,474	1,078,015	2,494,817
Eurobond	-	-	-	-	643,757	643,757
Bond loan	-	3,650	12,273	67,014	237,822	320,759
Other loan	-	999	4,186	14,246	13,984	33,415

Borrowing facilities

The Group has no undrawn committed borrowing facilities (2012 £nil)

Fair values of financial assets and liabilities

Set out below is a comparison by category of carrying amounts and fair values of all of the Company's financial instruments that are carried in the financial statements at other than fair values

	Book value 2013 £000	Fair value 2013 £000	Book value 2012 £000	Fair value 2012 £000
Financial assets				
Cash in hand and at bank	210,380	210,380	198,295	198,295
Financial liabilities				
Bank loan	1,538,951	1,391,476	1,591,600	1,444,439
Eurobond	575,874	575,874	517,625	517,625
Bond loan	172,292	186,460	176,073	189,124
Other loans	18,849	18,849	22,150	22,150

Market values have been used to determine the fair value of the listed Bond Loan