

# **PFI Infrastructure Finance Limited**

**Annual Report and Financial Statements**

**For the Year Ended 31 December 2011**

**Registered Number 5092397**

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# **PFI Infrastructure Finance Limited**

## **Financial Statements**

**Year Ended 31 December 2011**

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# **PFI Infrastructure Finance Limited**

## **Company Information**

<b>The board of directors</b>	The PFI Infrastructure Company plc BIIF Corporate Services Limited Laurence Clarke (Served from 7 October 2009 to 1 June 2012) Michael Forrest (Appointed 1 June 2012)
<b>Company secretary</b>	Infrastructure Managers Limited
<b>Registered office</b>	Fifth Floor 100 Wood Street London EC2V 7EX
<b>Auditor</b>	PricewaterhouseCoopers LLP Chartered accountants and Statutory Auditors PO Box 90 Erskine House 68-73 Queen Street Edinburgh EH2 4NH
<b>Bankers</b>	Bank of Scotland The Mound Edinburgh EH1 1YZ
<b>Solicitors</b>	Maclay Murray & Spens LLP 151 St Vincent Street Glasgow G2 5NJ

# **PFI Infrastructure Finance Limited**

## **The Directors' Report**

### **Year Ended 31 December 2011**

The directors have pleasure in presenting their report and the financial statements of the Company for the year ended 31 December 2011

#### **Principal Activities and Business Review**

The principal activity of the company during the year was as an investment holding company

The principal purpose of the company is to seek out opportunities for investment which offer the possibility of capital appreciation and income return - principal through the acquisition of investments of Special Purpose Companies (SPCs) undertaking Private Finance Initiative or Public Private Partnership Schemes or similar projects

#### **Future Developments**

The Directors consider that Finco has continued to make good progress this period Overall market conditions remain satisfactory

#### **Results and Dividends**

The profit for the year, after taxation, amounted to £6,408,394 The directors have not recommended a dividend

The result for the year has been taken to reserves

#### **Key performance indicators**

The performance of the investments 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 investments have 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

# **PFI Infrastructure Finance Limited**

## **The Directors' Report** *(continued)*

**Year Ended 31 December 2011**

### **Auditor**

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

Registered office  
Fifth Floor  
100 Wood Street  
London  
EC2V 7EX

Signed by order of the Directors



Infrastructure Managers Limited  
Company Secretary

Approved by the directors on 17 July 2012

# **PFI Infrastructure Finance Limited**

## **Statement of Directors' Responsibilities**

### **Year Ended 31 December 2011**

The directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for the year ended 31 December 2011. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- 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 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 auditor is 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 auditor is aware of that information.

The Directors' responsibilities were approved by the board on 17 July 2012 and signed on its behalf by



Michael Forrest

# **PFI Infrastructure Finance Limited**

## **Independent Auditor's Report to the Members of PFI Infrastructure Finance Limited**

We have audited the financial statements of PFI Infrastructure Finance Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, Balance Sheet and the related notes. 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).

### **Respective Responsibilities of Directors and Auditors**

As explained more fully in the Directors' Responsibilities Statement 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 International Standards on Auditing (UK and 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.

### **Scope of the Audit of the Financial Statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on Financial Statements**

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on Other Matter Prescribed by the Companies Act 2006**

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

# **PFI Infrastructure Finance Limited**

## **Independent Auditor's Report to the Members of PFI Infrastructure Finance Limited** *(continued)*

### **Matters on Which We are Required to Report by Exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

*Martin Cowie*

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

*17 July 2012*



# **PFI Infrastructure Finance Limited**

## **Profit and Loss Account**

### **Year Ended 31 December 2011**

	Note	2011 £	2010 £
<b>Turnover</b>		—	—
Administrative expenses		(142,130)	(132,172)
Other operating income	2	2,663,500	25,000
<b>Operating profit/(loss)</b>	3	2,521,370	(107,172)
Income from fixed asset investments	5	1,472,050	825,972
Interest receivable	6	8,248,463	7,047,076
Interest payable and similar charges	7	(4,054,344)	(4,054,344)
<b>Profit on ordinary activities before taxation</b>		8,187,539	3,711,532
Tax on profit on ordinary activities	8	(1,779,145)	(807,957)
<b>Profit for the financial year</b>		6,408,394	2,903,575

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

# PFI Infrastructure Finance Limited

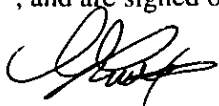
## Balance Sheet

As at 31 December 2011

	Note	2011 £	2010 £
<b>Fixed assets</b>			
Investments	9	<u>65,018,200</u>	<u>65,481,158</u>
<b>Current assets</b>			
Debtors due within one year	10	<u>60,365,345</u>	<u>49,826,430</u>
Cash at bank		<u>241,574</u>	<u>22,811</u>
		<u>60,606,919</u>	<u>49,849,241</u>
<b>Creditors: Amounts falling due within one year</b>	11	<u>(30,707,542)</u>	<u>(26,013,259)</u>
<b>Net current assets</b>		<u>29,899,377</u>	<u>23,835,982</u>
<b>Total assets less current liabilities</b>		<u>94,917,577</u>	<u>89,317,140</u>
<b>Creditors: Amounts falling due after more than one year</b>	12	<u>(48,266,000)</u>	<u>(49,073,957)</u>
<b>Net assets</b>		<u>46,651,577</u>	<u>40,243,183</u>
<b>Capital and reserves</b>			
Share capital	13	<u>1,931,000</u>	<u>1,931,000</u>
Share premium account	14	<u>21,703,000</u>	<u>21,703,000</u>
Profit and loss account	15	<u>23,017,577</u>	<u>16,609,183</u>
<b>Equity shareholders' funds</b>	16	<u>46,651,577</u>	<u>40,243,183</u>

These financial statements on pages 7 to 14 were approved by the directors and authorised for issue on 17 July 2012, and are signed on their behalf by

Michael Forrest



Company Registration Number 5092397

# **PFI Infrastructure Finance Limited**

## **Notes to the Financial Statements**

### **Year Ended 31 December 2011**

#### **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 financial projections for each of the Group's PFI projects indicate that sufficient funds will be generated to allow ongoing 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.

##### **Investments**

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

Investments include the cost of a premium paid to acquire the rights to advance subordinated loans to group undertakings less any provision for any diminution in value.

##### **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.

##### **Group financial statements**

The Company is exempt from preparing group financial statements as it and its subsidiary are included by consolidation in the consolidated financial statements of BIIF Holdco Limited. Copies of the consolidated financial statements of BIIF Holdco Limited can be obtained from the Registrar of Companies, Companies House, Crown Way, Mandy, Cardiff, CF14 3UZ.

#### **2 Other operating income**

	2011	2010
	£	£
Other operating income	<u>2,663,500</u>	<u>25,000</u>

# PFI Infrastructure Finance Limited

## Notes to the Financial Statements

### Year Ended 31 December 2011

#### 3 Operating profit/(loss)

Operating profit/(loss) is stated after charging

	2011 £	2010 £
Auditor's remuneration - as auditor	<u>6,119</u>	<u>8,500</u>

#### 4 Particulars of employees and directors

The Directors did not receive any remuneration from the Company during the year (2010 £nil)  
There were no employees in the financial year other than the directors (2010 nil)

#### 5 Income from fixed asset investments

	2011 £	2010 £
Dividend from unlisted investments	<u>1,472,050</u>	<u>825,972</u>

#### 6 Interest receivable

	2011 £	2010 £
Bank interest receivable	5,637	101,433
Other loan interest receivable	<u>8,242,826</u>	<u>6,945,643</u>
	<u>8,248,463</u>	<u>7,047,076</u>

#### 7 Interest payable and similar charges

	2011 £	2010 £
Interest on other loans	<u>4,054,344</u>	<u>4,054,344</u>

#### 8 Taxation on ordinary activities

##### (a) Analysis of charge in the year

	2011 £	2010 £
Current tax		
UK Corporation tax based on the results for the year at 26.49% (2010 - 28%)	<u>1,779,145</u>	<u>807,957</u>
Total current tax	<u>1,779,145</u>	<u>807,957</u>

# PFI Infrastructure Finance Limited

## Notes to the Financial Statements

### Year Ended 31 December 2011

#### 8 Taxation on ordinary activities (*continued*)

##### (b) 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 26.49% (2010 - 28%)

	2011 £	2010 £
Profit on ordinary activities before taxation	<u>8,187,539</u>	<u>3,711,532</u>
Profit on ordinary activities by rate of tax	2,168,879	1,039,229
Income not assessable for taxation	<u>(389,734)</u>	<u>(231,272)</u>
Total current tax (note 8(a))	<u>1,779,145</u>	<u>807,957</u>

#### 9 Investments

	Subsidiaries £	Joint Ventures and Associates £	Total £
<b>Cost</b>			
At 1 January 2011	15,854,259	2,570,854	18,425,113
Additions	256,613	345,717	602,330
At 31 December 2011	<u>16,110,872</u>	<u>2,916,571</u>	<u>19,027,443</u>
<b>Loans</b>			
At 1 January 2011	28,713,694	18,342,351	47,056,045
Advanced in year	5,528,614	(5,361,092)	167,522
Repaid in year	<u>(1,023,861)</u>	<u>(208,949)</u>	<u>(1,232,810)</u>
At 31 December 2011	<u>33,218,447</u>	<u>12,772,310</u>	<u>45,990,757</u>
<b>Net book value</b>			
At 31 December 2011	<u>49,329,319</u>	<u>15,688,881</u>	<u>65,018,200</u>
At 31 December 2010	<u>44,567,953</u>	<u>20,913,205</u>	<u>65,481,158</u>

# PFI Infrastructure Finance Limited

## Notes to the Financial Statements

### Year Ended 31 December 2011

#### 9 Investments (*continued*)

Details of the investments in which the Company held an interest at 31 December 2009 were as follows

Investments	% of Ordinary shares held by the Group	
	2011	2010
ABC Schools (Holdings) Limited	100	50
Bannockburn Group Limited	100	100
CH Bolton (Holdings) Limited	100	100
ESP (Holdings) Limited	17	17
Emblem Schools (Holdings) Limited	30	30
FCC (East Ayrshire) Holdings Limited	20	20
Lochgilphead Healthcare Services (Holdings) Limited	55	55
Salisbury Healthcare Facilities (Holdings) Limited	100	100
Lighting for Staffordshire Holdings Limited	40	40
Midlothian Schools Holdings Limited	50	50
Tiverton Healthcare Facilities (Holdings) Limited	100	100
Sewell Education York (Holdings) Limited	50	50
LH Project Limited	100	100
Forfar Healthcare (Holdings) Limited	100	100
KE Project Limited	100	100
PPP Services (North Ayrshire) Holdings Limited	30	30
New Schools (Penwedigg) Holdings Limited	100	100
Stirling Gateway HC Limited	50	50
Stobhill Healthcare Facilities (Holdings) Limited	60	60
PIF Vulcans Lane Estates Limited	100	100
PIF West Cumbria Estates Management Limited	100	100

All of the above companies are incorporated in the United Kingdom

The company has advanced loans to subsidiaries and associates based on various interest rates from 4.9% to 15%. The repayment terms on the loans vary from on demand to scheduled instalments until September 2039.

#### 10 Debtors

	2011	2010
	£	£
Amounts owed by group undertakings	59,225,573	48,790,419
Other debtors	1,881	22,277
Prepayments and accrued income	1,137,891	1,013,734
	<b>60,365,345</b>	<b>49,826,430</b>

The amounts owed by group undertakings include trading balances that are not interest bearing and are repayable on demand, and a loan balance of £26,003,452 (2010: £26,003,452) which bears interest at 8.4% and is repayable on demand.

# PFI Infrastructure Finance Limited

## Notes to the Financial Statements

### Year Ended 31 December 2011

#### 11 Creditors: Amounts falling due within one year

	2011 £	2010 £
Trade creditors	3,894	–
Amounts owed to group undertakings	30,634,132	25,941,861
Accruals and deferred income	69,516	71,398
	<u>30,707,542</u>	<u>26,013,259</u>

The amounts owed to group undertakings are trading balances are not interest bearing and are repayable on demand

#### 12 Creditors: Amounts falling due after more than one year

	2011 £	2010 £
Amounts owed to group undertakings	48,266,000	48,266,000
Corporation tax	–	807,957
	<u>48,266,000</u>	<u>49,073,957</u>

The Company has a loan of £48,266,000 from the parent entity which bears interest at 8.4% and falls due for repayment in 2034

#### 13 Share capital

##### Authorised share capital:

	2011 £	2010 £
19,310,000 Ordinary shares of £0.10 each	<u>1,931,000</u>	<u>1,931,000</u>

##### Allotted, called up and fully paid:

	2011		2010	
	No	£	No	£
19,310,000 Ordinary shares of £0.10 each	<u>19,310,000</u>	<u>1,931,000</u>	<u>19,310,000</u>	<u>1,931,000</u>

#### 14 Share premium account

There was no movement on the share premium account during the financial year

# **PFI Infrastructure Finance Limited**

## **Notes to the Financial Statements**

### **Year Ended 31 December 2011**

#### **15 Profit and loss account**

	2011 £	2010 £
Balance brought forward	16,609,183	13,705,608
Profit for the financial year	6,408,394	2,903,575
Balance carried forward	<u>23,017,577</u>	<u>16,609,183</u>

#### **16 Reconciliation of movements in shareholders' funds**

	2011 £	2010 £
Profit for the financial year	6,408,394	2,903,575
Opening shareholders' funds	40,243,183	37,339,608
Closing shareholders' funds	<u>46,651,577</u>	<u>40,243,183</u>

#### **17 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

#### **18 Ultimate parent company**

The immediate parent company is The PFI Infrastructure Company plc

The ultimate parent and controlling entity is Barclays Integrated Infrastructure Fund LP  
Barclays Integrated Infrastructure Fund LP is owned by a number of investors with no one investor having individual control