

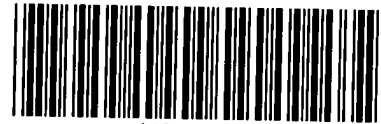
Registration number: 06250753

Semperian PPP Investment Partners No.2 Limited

Annual Report and Financial Statements

for the Year Ended 31 March 2020

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Semperian PPP Investment Partners No.2 Limited

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Semperian PPP Investment Partners No.2 Limited

Company Information

Directors	J M Simpson A E Birch A C M Rhodes
Company secretary	Semperian Secretariat Services Limited
Registered office	4th Floor 1 Gresham St London EC2V 7BX
Independent Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 2 Glass Wharf Bristol BS2 0FR

Semperian PPP Investment Partners No.2 Limited

Strategic Report for the Year Ended 31 March 2020

The directors present their strategic report for the year ended 31 March 2020.

Principal activity

The principal activity of the company is investing in partnerships and companies that are involved in infrastructure projects, which predominantly comprise the development, construction and management of serviced premises.

Results and review of business

The profit for the year is set out in the profit and loss account on page 8. As disclosed in note 9, impairment charges totalling £7,974,098 have been made against four of the company's investments during the year. The company has continued to receive income from its subsidiaries and the directors are satisfied that the company's investments are performing in line with the directors' long term expectations. Accordingly, the carrying value of investments, as shown in the balance sheet, remains supportable, and the prospects for the future are considered to be satisfactory.

Principal risks and uncertainties

From the perspective of the company, the principal risks and uncertainties and financial risk management policies are integrated with the principal risks of the Semperian PPP Investment Partners Holdings Limited group of companies ("the group") and are not managed separately. Accordingly, the principal risks and uncertainties of Semperian PPP Investment Partners Holdings Limited, which include those of the company, are discussed in the Semperian PPP Investment Partners Holdings Limited consolidated report and financial statements which does not form part of this report.

Key performance indicators ('KPIs')

Given the nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Approved by the Board on16/09/2020..... and signed on its behalf by:



J M Simpson
Director

Semperian PPP Investment Partners No.2 Limited
Directors' Report for the Year Ended 31 March 2020

Registration number: 06250753

The directors present their report and the audited financial statements for the year ended 31 March 2020.

Future developments

No significant changes are expected to the company's activities, as set out in the Strategic Report, in the foreseeable future.

Dividends

No dividend was paid during the year (2019: £nil).

Financial risk management

Disclosures relating to these areas are included in the Strategic Report.

Coronavirus (COVID-19) impact on the financial statements

The COVID-19 outbreak has developed rapidly in 2020, with a significant number of infections. Measures taken to contain the virus have affected economic activity and include limiting the movement of people and the temporary closure or disruption of businesses and public services.

The company's principal activity is holding investments in subsidiaries predominantly engaged in infrastructure projects under PFI contracts. The company would therefore only be impacted by the coronavirus outbreak insofar as this impacted the performance of its investments, predominantly in its subsidiaries.

On 20 March 2020 the Cabinet Office issued a notice (Procurement Policy Note 02/20: Supplier relief due to coronavirus (COVID-19)) that all supplier payments will be maintained as per their individual contracts. Guidance was also issued on 2 April 2020 by the Infrastructure and Projects Authority (IPA Guidance) specifically relating to PFI contracts. The IPA guidance is consistent with PPN 02/20. On 6 June 2020 the Cabinet Office issued a further notice (Procurement Policy Note 04/20: Recovery and Transition from COVID-19) which supports transition from the current measures to a steady state. The subsidiaries will continue to receive the unitary payment and will pay its suppliers in a timely manner. PPN 02/20 stipulated that suppliers will continue to be paid the contractual amounts due, regardless of service interruptions until at least the end of June 2020. This has been followed by PPN 04/20 which requires an open and pragmatic partnership to maintain supplier cash flows. As a result, revenues within the company's investments and subsidiaries are largely unchanged.

Whilst there may be short term disruption there is expected to be no significant overall impact on performance over the life of the projects. The opinion of the Directors is that the coronavirus outbreak will have no impact on the company's ability to continue as a going concern.

Brexit risk

The directors have assessed the impact, on the company, arising from the uncertainty attached to the terms of the United Kingdom's withdrawal from the European Union. At this stage the impact cannot be fully understood, and political and economic commentators differ in their assessment of the potential severity of the risks associated with each potential outcome.

As the company operates solely in the United Kingdom the directors do not expect the company will be directly impacted by changes to future trading arrangements, with the EU and the rest of the world, however the directors continue to monitor any potential impact arising from the wider financial markets and the company's supply chain.

Semperian PPP Investment Partners No.2 Limited

Directors' Report for the Year Ended 31 March 2020 (continued)

Directors of the company

The directors of the company who were in office during the year and up to the date of signing the financial statements were as follows:

J M Simpson

A E Birch

A C M Rhodes

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, 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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for 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.

Directors' confirmations

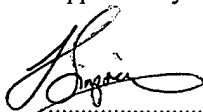
In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Reappointment of auditors

The independent auditors, PricewaterhouseCoopers LLP, Chartered Accountants and Statutory Auditors, have signified their willingness to continue in office.

Approved by the Board on16/09/2020..... and signed on its behalf by:



J M Simpson
Director

Semperian PPP Investment Partners No.2 Limited

Independent Auditors' Report to the members of Semperian PPP Investment Partners No.2 Limited

Report on the audit of the financial statements

Opinion

In our opinion, Semperian PPP Investment Partners No.2 Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 March 2020; the Profit and Loss Account, the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion on, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

Semperian PPP Investment Partners No.2 Limited

Independent Auditors' Report to the members of Semperian PPP Investment Partners No.2 Limited (continued)

Reporting on other information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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.

Semperian PPP Investment Partners No.2 Limited

**Independent Auditors' Report to the members of Semperian PPP Investment Partners
No.2 Limited (continued)**

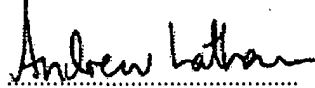
Other required reporting

Companies Act 2006 exception reporting

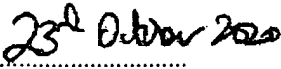
Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Andrew Latham (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol

Date: 

Semperian PPP Investment Partners No.2 Limited

Profit and Loss Account for the Year Ended 31 March 2020

	Note	2020 £	2019 £
Turnover	4	3,831,648	4,418,815
Administrative expenses		<u>(14,368,579)</u>	<u>(11,070,531)</u>
Operating loss	5	(10,536,931)	(6,651,716)
Income from shares in group undertakings		56,733,025	35,780,557
Interest receivable and similar income	6	28,450,310	27,408,472
Interest payable and similar expenses	7	<u>(42,077,327)</u>	<u>(39,721,667)</u>
Profit before taxation		32,569,077	16,815,646
Tax on profit	8	<u>2,678,114</u>	<u>2,348,130</u>
Profit for the financial year		<u><u>35,247,191</u></u>	<u><u>19,163,776</u></u>

The above results were derived from continuing operations.

The company has no other Comprehensive Income for the year other than the profit for the financial year stated above.

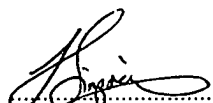
The notes on pages 11 to 27 form an integral part of these financial statements.

Semperian PPP Investment Partners No.2 Limited

Balance Sheet as at 31 March 2020

	Note	2020 £	2019 £
Fixed assets			
Investments	9	1,030,781,734	956,813,455
Current assets			
Debtors	10	37,104,379	24,173,938
Creditors: Amounts falling due within one year	11	<u>(9,244,932)</u>	<u>(5,082,268)</u>
Net current assets		<u>27,859,447</u>	<u>19,091,670</u>
Total assets less current liabilities		1,058,641,181	975,905,125
Creditors: Amounts falling due after more than one year	11	<u>(888,148,003)</u>	<u>(840,659,138)</u>
Net assets		<u>170,493,178</u>	<u>135,245,987</u>
Capital and reserves			
Called up share capital	13	1	1
Profit and loss account		<u>170,493,177</u>	<u>135,245,986</u>
Total equity		<u>170,493,178</u>	<u>135,245,987</u>

Approved and authorised by the Board on16/09/2020..... and signed on its behalf by:



J M Simpson

Director

The notes on pages 11 to 27 form an integral part of these financial statements.

Semperian PPP Investment Partners No.2 Limited

Statement of Changes in Equity for the Year Ended 31 March 2020

	Called up Share capital £	Profit and loss account £	Total equity £
At 1 April 2018	1	116,082,210	116,082,211
Profit for the financial year	-	19,163,776	19,163,776
Total comprehensive income	-	19,163,776	19,163,776
At 31 March 2019	1	135,245,986	135,245,987

	Called up Share capital £	Profit and loss account £	Total equity £
At 1 April 2019	1	135,245,986	135,245,987
Profit for the financial year	-	35,247,191	35,247,191
Total comprehensive income	-	35,247,191	35,247,191
At 31 March 2020	1	170,493,177	170,493,178

The notes on pages 11 to 27 form an integral part of these financial statements.

Semperian PPP Investment Partners No.2 Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

1 General information

The principal activity of the company is investing in partnerships and companies that are involved in infrastructure projects, which predominantly comprise the development, construction and management of serviced premises.

The company is a private company limited by shares and is incorporated and domiciled in England.

The address of its registered office is:

4th Floor
1 Gresham St
London
EC2V 7BX

The company's functional and presentation currency is the pound sterling.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The financial statements contain information about Semperian PPP Investment Partners No.2 Limited as an individual company and do not contain consolidated financial information. The company is exempt from the requirement to prepare consolidated financial statements, under section 401 of the Companies Act 2006, as its results are included in the consolidated financial statements of Semperian PPP Investment Partners Holdings Limited.

Investment income

Investment income may include dividends and interest receivable. Dividends are included, as 'Income from shares in group undertakings'. Interim dividends are recognised when paid, whilst final dividends are recognised when approved by the paying company. Interest receivable is included, as 'Interest receivable and similar income', on an accruals basis. This heading may also include the amortisation of any premium or discount on the purchase of the loan which has been spread over the life of the loan to determine an effective interest rate.

Semperian PPP Investment Partners No.2 Limited

Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)

2 Accounting policies (continued)

Tax

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Investments

Investments in equity and subordinated loan notes are held as fixed assets and are stated at cost less an appropriate provision to reflect any impairment in the value of the investments. Premiums and discounts on subordinated loan note investments have been amortised over the life of the loan to give a constant effective finance rate. Repayments of loans have been disclosed as disposals of fixed asset investments. Any other impairment of fixed assets is reflected as impairment charges. Where an equity investment has fixed return the premium paid for the equity has been amortised in proportion to the actual dividends to total dividends.

Impairment

Fixed asset investments are subject to impairment review if events or changes in circumstances occur which indicate that the carrying amount of the fixed asset may not be fully recoverable. An impairment review comprises a comparison of the carrying amount of the fixed asset with its recoverable amount, which is the higher of net realisable value and value in use.

Net realisable value is calculated by reference to the amount at which the asset could be disposed of. Value in use is calculated by discounting the expected future cash flows obtainable as a result of the assets continued use, including those resulting from its ultimate disposal. The carrying values of fixed assets are written down by the amount of any impairment and this loss is recognised in the profit and loss account in the year in which it occurs.

Financial Instruments

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other receivables, finance debtors, cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Semperian PPP Investment Partners No.2 Limited

Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)

2 Accounting policies (continued)

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Called up share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions. The exemptions which the company has taken are:

- (i) the requirement to prepare a statement of cash flows;
- (ii) certain financial instrument disclosures providing equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated;
- (iii) the requirement to disclose related party transactions, with the members of the same group, that are wholly owned;
- (iv) the requirement to provide consolidated financial statements.

3 Critical accounting judgements and estimation uncertainty

Judgements, estimates and associated assumptions are based upon historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily available from other sources.

Semperian PPP Investment Partners No.2 Limited

Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)

3 Critical accounting judgements and estimation uncertainty (continued)

The judgements, estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates made are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. Actual results may subsequently differ from these estimates.

Certain critical accounting judgements and estimates as applicable, adopted by management, in applying the company's accounting policies are described below:

Judgements

Estimates

Impairment of investments

Management makes an estimate of the likely recoverable value of investments by considering factors including the historical performance, and future forecasts of the respective investment. See note 9 for the carrying value of the investments.

Taxation

The assessment of the tax charge may include uncertain tax positions where the tax treatment has not yet been agreed with the taxation authorities. Management make an estimate of the taxation charge for the period and the value of balances, with reference to legislation, discussions with taxation authorities, advice from taxation advisors, and the determination of similar taxation cases.

4 Turnover

	2020	2019
	£	£
Directors' and management fees receivable	2,354,577	2,251,183
Partnership distribution income	1,475,460	2,164,223
Other fees income	1,611	3,409
	<u>3,831,648</u>	<u>4,418,815</u>

The company has been engaged solely in continuing activities in a single class of business within the United Kingdom.

5 Operating loss

The company had no employees, other than the directors, during the year (2019: none). The emoluments of the directors are paid by the controlling parties. The directors' services to this company and to a number of fellow group companies are primarily of a non-executive nature and their emoluments are deemed to be wholly attributable to the controlling parties. The controlling parties charged £nil (2019: £nil) to the company in respect of these services.

The audit fee has been borne on the company's behalf by a related company, Imagile Business Support Limited, for which no recharge has been made during the current or previous year.

Semperian PPP Investment Partners No.2 Limited

Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)

6 Interest receivable and similar income

	2020 £	2019 £
Interest receivable on loans to group undertakings	28,303,934	27,212,173
Other finance income	146,376	196,299
	<u>28,450,310</u>	<u>27,408,472</u>

7 Interest payable and similar expenses

	2020 £	2019 £
Interest payable on loans from group undertakings	<u>42,077,327</u>	<u>39,721,667</u>

8 Tax on profit

(a) Tax credit included in profit or loss

	2020 £	2019 £
Current taxation		
UK corporation tax	(2,678,114)	(2,348,130)
Tax on profit	<u>(2,678,114)</u>	<u>(2,348,130)</u>

(b) Reconciliation of tax credit

The tax on profit for the year is lower than the standard rate of corporation tax in the UK (2019: lower than the standard rate of corporation tax in the UK) of 19% (2019: 19%).

The differences are reconciled below:

	2020 £	2019 £
Profit before taxation	<u>32,569,077</u>	<u>16,815,646</u>
Corporation tax at standard rate	6,188,125	3,194,973
Income not subject to tax	(10,779,275)	(6,798,306)
Expenses not deductible for tax purposes	1,268,550	1,049,516
Share of partnership income	644,486	205,687
Total tax credit	<u>(2,678,114)</u>	<u>(2,348,130)</u>

Semperian PPP Investment Partners No.2 Limited

Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)

8 Tax on profit (continued)

(c) Tax rate changes

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020. As the proposal to keep the rate at 19% had been substantively enacted at the balance sheet date, its effects are included in these financial statements, with the 19% rate therefore applied to all tax balance sheet items.

9 Investments

	Equity	Subordinated debt	Total
Cost and net book value:	£	£	£
At 1 April 2019	558,454,234	398,359,221	956,813,455
Additions*	66,991,509	37,723,845	104,715,354
Repayments	-	(20,469,035)	(20,469,035)
Impairments**	(7,974,098)	-	(7,974,098)
Amortisation	-	(2,303,942)	(2,303,942)
At 31 March 2020	617,471,645	413,310,089	1,030,781,734

*Amounts shown are net of accrued interest at acquisition.

**Investments are tested for impairment in line with the accounting policy outlined in note 2. During the year, the following impairments were booked:

Baglan Moor Healthcare Holdings Limited - £2,044,345
 BWP Services (Holdings No 3) Limited - £1,129,160
 Dundalk PPP Infrastructure Ireland Limited - £3,320,599
 Semperian SMIF OMEGA Limited - £1,479,994

On 12 December 2019 the Company acquired 51 B shares in Semperian Investments Limited for consideration of £1, which increased its total holding to 100%.

On 13 December 2019 the Company acquired an additional 50% stake in Consort Healthcare (Fife) Holdings Limited and Consort Healthcare (Fife) Intermediate Limited, which increased its total holding in both entities to 100%. The acquisition consisted of a mixture of debt and equity for consideration totalling £47.1m.

On 20 December 2019 the Company acquired an additional 23.68% stake in Octagon Healthcare Group Limited, which increased its total holding to 50%. The acquisition consisted of a mixture of debt and equity for consideration totalling £40.9m.

On 31 March 2020 the Company acquired a 33.33% equity stake in Aberdeen Roads Holding Limited for consideration of £1, and a 33.33% debt stake in Aberdeen Roads (Finance) plc for consideration of £25.6m.

Semperian PPP Investment Partners No.2 Limited

Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)

9 Investments (continued)

Direct investment undertakings	Activities	Percentage of ordinary shares held
A1 PPP Infrastructure Holdings Limited	Intermediate investment holding company	100%
API Holdco Limited	Intermediate investment holding company	100%
Arteos GP Limited	Intermediate investment holding company	100%
Arteos GP Limited & Co KG (i)	Property management	100%
Baglan Moor Healthcare Holdings Limited	Intermediate investment holding company	100%
Bandbreeze Limited	Intermediate investment holding company	100%
Community Health Facilities (Holdings) Limited	Intermediate investment holding company	99.99%
Facilities Management Solutions Limited	Manage real estate	100%
Falkirk Group Limited	Intermediate investment holding company	100%
Semperian IP 2 Limited (formerly G4S IP 2 Limited)	Intermediate investment holding company	100%
Haringey Schools Services Limited	Letting of own property and manage real estate	100%
Newcastle Estate Partnership Holdings Limited	Intermediate investment holding company	100%
Priorgate Holdings Limited	Intermediate investment holding company	100%
Riclab Limited	Letting of own property	100%
Semperian (St Davids) Limited	Intermediate investment holding company	100%
Semperian (Wolverhampton) Limited	Intermediate investment holding company	100%
Semperian Health Services Limited	Intermediate investment holding company	100%
Semperian Holdco Limited	Intermediate investment holding company	100%
Semperian No. 21 Limited	Intermediate investment holding	100%
Semperian Omega IP Holdings Limited	Intermediate investment holding company	100%
Semperian PPP Newco 2 Limited	Investment holding company	100%
Semperian SMIF Omega Limited	Intermediate investment holding company	100%
Semperian Subholdings M40 Limited	Intermediate investment holding company	100%
Stafford Education Facilities Holdings Limited	Intermediate investment holding company	100%
STC (Milton Keynes) Holdings Limited	Investment holding company	100%
The Hospital Company (Swindon and Marlborough) Group Limited	Intermediate investment holding company	100%
BWP Services (Holdings No. 1) Limited	Intermediate investment holding company	100%

Semperian PPP Investment Partners No.2 Limited

Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)

9 Investments (continued)

Direct investment undertakings	Activity	Percentage of ordinary shares held
Town Hospitals (North Staffordshire) Holdings Limited	Intermediate investment holding company	100%
Town Hospitals (Southern General) Holdings Limited	Intermediate investment holding company	100%
Semperian (Glasgow) Limited	Investment holding company	100%
Semperian Investments Limited (formerly G4S Investments Limited)	Intermediate investment holding company	100%
Mercia Healthcare (Holdings) Limited	Intermediate investment holding company	75%
The Hospital Company (Dartford) Holdings 2005 Limited	Intermediate investment holding company	70%
Dundalk PPP Infrastructure Ireland Ltd	Intermediate investment holding company	50%
Healthcare Providers (Gloucester) Limited	Investment holding company	50%
United Healthcare (Bromley) Group Limited	Investment holding company	50%
South Manchester Healthcare (Holdings) Limited	Investment holding company	68.5%
Octagon Healthcare Group Limited	Investment holding company	50%
Consort Healthcare (Fife) Holdings Limited	Investment holding company	100%
Consort Healthcare (Fife) Intermediate Limited	Investment holding company	100%
Omega Limited	Dormant	100%
Portfolio Solutions (Northern Ireland) Limited	Dormant	100%
Indirect investment undertakings	Activities	Percentage of ordinary shares held
Agecroft Properties No. 2 Limited	Investment holding company	100%
LBS (Fire Services) Limited	Letting of own property	100%
Community Health Facilities (Oxford) Limited	Hospital services	100%
Falkirk Schools Partnership Limited	Investment management	100%
Class 06 Limited	School services	100%
Class 98 Limited	School services	100%
Danetre PFI Holding Company Limited	Intermediate investment holding company	100%
Leicester BSF Holdings Company 1 Limited	Holding Company	100%
Leicester BSF Holdings Company 2 Limited	Holding Company	100%
Leicester BSF Company 1 Limited	School services	100%
Leicester BSF Company 2 Limited	School services	100%
The Newcastle Estate Partnership Limited	Property management	100%

Semperian PPP Investment Partners No.2 Limited

Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)

9 Investments (continued)

Indirect investment undertakings	Activities	Percentage of ordinary shares held
Priorgate Limited	School services	100%
Semperian Leicester BSF Limited	Holding company	100%
Semperian Leicester PSP Limited	Holding company	100%
Semperian Health Projects Limited	Hospital services	100%
Parking Glasgow Limited	Parking services	100%
Walkergate PFI Holding Company Limited	Intermediate investment holding company	100%
Walkergate PFI Project Company Limited	Hospital Services	100%
Semperian Borrowerco Limited	Lender of debt & owner of freehold property	100%
Semperian PPP Holdings Limited	Investment holding company	100%
Semperian Omega IP Limited	Holding company	100%
Eccles Special High Schools Holding Company Limited	Dormant	100%
Investors in Health Limited	Dormant	100%
Investors in the Community Group Limited	Dormant	100%
Kirklees Schools Investment Company Limited	Dormant	100%
Lancaster Assets Holdings Limited	Dormant	100%
Liverpool Schools Investment Company Limited	Dormant	100%
Semperian (Lancaster) Investments Limited	Dormant	100%
Semperian (Lancaster) Newco 20 Limited	Dormant	100%
Semperian (Lancaster) Subdebt Limited	Dormant	100%
Semperian Education Limited	Dormant	100%
Semperian Health Limited	Dormant	100%
Semperian Lighting Limited	Dormant	100%
Semperian Newcastle Estates Limited	Dormant	100%
Semperian Partnerships Limited	Dormant	100%
Semperian PPP Investment Partners GP Limited	Dormant	100%
Semperian PPP Newco 1 Limited	Dormant	100%
Semperian PPP Newco 3 Limited	Dormant	100%
Semperian Roads Limited	Dormant	100%
Semperian Waste Limited	Dormant	100%
Semperian Holdings No 2 Limited (formerly Semperian-G4S Holdings Limited)	Dormant	100%
Semperian IP GP Limited (formerly G4S IP GP Limited)	Dormant	100%

Semperian PPP Investment Partners No.2 Limited

Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)

9 Investments (continued)

Indirect investment undertakings	Activities	Percentage of ordinary shares held
Semperian GP1 Limited (formerly Semperian-G4S GP1 Limited)	Dormant	100%
BWP Services (Holdings No.2) Limited	Investment holding company	100%
BWP Services (Holdings No.3) Limited	Investment holding company	100%
BWP Project Services Limited	Prison Services	100%
BWP Issuer PLC	Investment holding company	100%
Semperian LP2 Limited (formerly Semperian-G4S LP 2 Limited)	Dormant	100%
Semperian GP2 Limited (formerly Semperian-G4S GP 2 Limited)	Dormant	100%
Wirral Schools Investment Company Limited	Dormant	100%
Semperian Omega Limited	Utilities	100%
Stafford Education Facilities Limited	School services	100%
STC (Milton Keynes) Limited	Prison services	100%
The Hospital Company (Swindon & Marlborough) Holdings Limited	Hospital services	100%
The Hospital Company (Swindon & Marlborough) 2006 Limited	Hospital services	100%
The Hospital Company (Swindon & Marlborough) Limited	Hospital services	100%
Town Hospitals (North Staffordshire Combined) Limited	Hospital services	100%
Town Hospitals (Southern General) Limited	Hospital services	100%
Danetre PFI Project Company Limited	Hospital services	100%
Baglan Moor Healthcare PLC	Property and management services	99.99%
Semperian Joint Ventures Limited (formerly G4S Joint Ventures Limited)	Holding company	100%
Semperian (Fazakerley) Limited (formerly G4S Joint Ventures (Fazakerley) Limited)	Investment holding company	100%
Fazakerley Prison Services Limited	Prison services	100%
Semperian (Onley) Limited (formerly G4S Joint Ventures (Onley) Limited)	Investment holding company	100%
Onley Prison Services Limited	Prison services	100%
Healthcare Providers Limited	Investment holding company	100%
Hull Maternity Development Limited	Hospital services	100%
UK Court Services (Manchester) Limited	Court services	100%

Semperian PPP Investment Partners No.2 Limited

Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)

9 Investments (continued)

Indirect investment undertakings	Activities	Percentage of ordinary shares held
UK Court Services (Manchester) Holdings Limited	Investment holding company	100%
North Wiltshire Schools Limited	Investment holding company	100%
White Horse Education Partnership Limited	School services	100%
Wolverhampton Radiology Limited	Hospital services	100%
Mercia Healthcare Limited	Hospital services	75%
The Hospital Company (Dartford) Holdings Limited	Intermediate investment holding company	70%
The Hospital Company (Dartford) Group Limited	Intermediate investment holding company	70%
The Hospital Company (Dartford) 2005 Limited	Holding companies including head offices	70%
The Hospital Company (Dartford) Limited	Hospital services	70%
The Hospital Company (Dartford) Issuer PLC	Hospital services	69.99%
IMC St Davids Limited	Property and management services	67.67%
InspirED Education (East Dunbartonshire) Limited	School services	50%
Gloucester Healthcare Partnership Limited	Hospital services	50%
Albion Healthcare (Doncaster) Limited	Hospital services	50%
Albion Healthcare (Oxford) Limited	Hospital services	50%
South Manchester Healthcare Limited	Hospital services	68.5%
UK Highways M40 Limited	Road services	50%
United Healthcare (Bromley) Holdings Limited	Intermediate investment holding company	50%
United Healthcare (Bromley) Limited	Hospital services	50%
United Healthcare (Bromley) Services Limited	Hospital services	50%
InspirED Education (East Dunbartonshire) Holdings Limited	Intermediate investment holding company	50%
Albion Healthcare (Doncaster) Holdings Limited	Intermediate investment holding company	50%
UK Highways M40 (Holdings) Limited	Other business support service	50%
Albion Healthcare (Oxford) Holdings Limited	Intermediate investment holding company	50%
Road Management Services (Darrington) Holdings Limited	Intermediate investment holding company	50%
Omega Limited Partnership	Intermediate investment holding company	50%
Glen Water Holdings Limited	Intermediate investment holding company	50%
Glen Water Limited	Water Services	50%

Semperian PPP Investment Partners No.2 Limited

Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)

9 Investments (continued)

Indirect investment undertakings	Activities	Percentage of ordinary shares held
Consort Healthcare (Fife) Limited	Hospital services	100%
Octagon Healthcare Holdings (Norwich) Limited	Investment holding company	50%
Octagon Healthcare Limited	Hospital services	50%
Significant Holdings	Activities	Percentage of ordinary shares held
Endeavour SCH Holdings Limited	Investment holding company	43.83%
Endeavour SCH PLC	Hospital services	43.82%
InspirED Education (South Lanarkshire) Holdings Limited	Investment holding company	42.50%
InspirED Education (South Lanarkshire) PLC	School services	42.41%
Celtic Roads Group (Dundalk) Limited	Road services	33.33%
The Edinburgh Schools Partnership Limited	Investment holding company	32.86%
ESP (Holdings) Limited	Investment holding company	32.86%
3 ED Holdings Limited	Investment holding company	31%
3 ED Holdings 2 Limited	Investment holding company	31%
3 ED Glasgow Limited	Investment holding company	31%
3 ED Sisterco Limited	School services	31%
D4E Mulberry (Holdings) Limited	Investment holding company	30%
D4E Mulberry Schools Limited	School services	30%
East London Lift Accommodation Services Limited	Property and management services	30%
East London Lift Accommodation Services No2 Limited	Property and management services	30%
East London Lift Holdco No2 Limited	Investment holding company	30%
Infracare East London Limited	Property and management services	30%
East London Lift Holdco No3 Limited	Investment holding company	30%
Ellas No3 Limited	Property and management services	30%
East London Lift Holdco No4 Limited	Investment holding company	30%
Ellas No4 Limited	Property and management services	30%
Northlink M1 Limited	Road services	27%
Octagon Healthcare Funding PLC	Hospital services	49.99%
Ayr Environmental Services Limited	Water services	25%
Wastewater Management Holdings Limited	Investment holding company	25%

Semperian PPP Investment Partners No.2 Limited

Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)

9 Investments (continued)

Significant Holdings	Activities	Percentage of ordinary shares held
Road Management Services (Darrington) Limited	Investment holding company	25%
Road Management Services (Finance) PLC	Road services	24.99%
Ochre Solutions (Holdings) Limited	Investment holding company	20%
Ochre Solutions Limited	Prison services	20%
UCLH (Investors) Limited	Investment holding company	20%
Health Management (UCLH) Holdings Limited	Investment holding company	40%
Health Management (UCLH) Limited	Hospital Services	40%
East London Lift Investments Limited	Other business support service	50%
Accommodation Services (Holdings) Limited	Intermediate investment holding company	50%
Cory TopCo Limited	Investment holding company	11.32%
Integrated Accommodation Services PLC	Property and management services	49.99%
Aberdeen Roads Holdings Limited	Investment holding company	33.33%
Aberdeen Roads Limited	Road services	33.33%
Aberdeen Roads (Finance) plc	Investment holding company	33.33%

(i) Arteos GP Limited & Co KG is incorporated in Germany.

Semperian PPP Investment Partners No.2 Limited

Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)

9 Investments (continued)

The registered office for the companies shown above is: Third Floor, Broad Quay House, Prince Street, Bristol, BS1 4DJ.

The exceptions to the registered office stated above are as following:

- Dundalk PPP Infrastructure Ireland - 6th Floor, 2 Grand Canal Square, Dublin 2, Ireland
- 3 ED Holdings Limited, 3 ED Holdings 2 Limited, 3 ED Sisterco Limited, Falkirk Group Limited, Class 98 Limited and Consort Healthcare (Fife) Limited - 1 Atlantic Quay, 1 Robertson Street, Glasgow, Scotland, G2 8JB
- Endeavour SCH Holdings Limited & Endeavour SCH PLC - 8 White Oak Square, London Road, Swanley, Kent, BR8 7AG
- ESP (Holdings) Limited & The Edinburgh Schools Partnership Limited - c/o IML, 2nd Floor, 11 Thistle Street, Edinburgh, Scotland, EH2 1DF
- East London Lift Investments Limited, Infracare East London Limited, East London Lift Accommodation Services Limited, East London Lift Holdco No2 Limited, East London Lift Accommodation Services No2 Limited, East London Lift Holdco No3 Limited, Ellas No3 Limited, East London Lift Holdco No4 Limited, Accommodation Services (Holdings) Limited & Integrated Accommodation Services plc and Ellas No4 Limited - Challenge House, International Drive, Tewkesbury Business Park, Tewkesbury, Gloucestershire, GL20 8UQ
- Healthcare Providers (Gloucester) Limited & Gloucester Healthcare Partnership Limited - Part First Floor, 1 Grenfell Road, Maidenhead, Berkshire, SL6 1HN
- Wastewater Management Holdings Limited & Ayr Environmental Services Limited - Meadowhead Wastewater Treatment, Works & Sludge Treatment Centre, Meadowhead Road, Irvine, Ayrshire, KA11 5AY
- UK Highways M40 (Holdings) Limited & UK Highways M40 Limited - 1 Kingsway, London, WC2B 6AN
- Semperian Leicester BSF Limited, Semperian Leicester PSP Limited, Semperian (St. David's) Limited, Semperian (Wolverhampton) Limited, Semperian Health Services Limited,
- Semperian Health Projects Limited, Semperian Holdco Limited, Semperian Borrowerco Limited, Semperian No. 21 Limited, Semperian PPP Holdings Limited, Semperian Omega IP Holdings Limited, Semperian Omega IP Limited, Semperian PPP Newco 2 Limited, Semperian (Lancaster) NewCo 20 Limited, Semperian (Lancaster) Subdebt Limited, Semperian (Lancaster) Investment Limited, Semperian PPP Investment Partners GP Limited, Semperian Education Limited, Semperian Health Limited, Semperian Lighting Limited, Semperian Newcastle Estates Limited, Semperian Partnerships Limited, Semperian PPP Newco 1 Limited, Semperian PPP Newco 3 Limited, Semperian Roads Limited, Semperian Waste Limited, Semperian-G4S Holdings Limited, Semperian-G4S GP1 Limited, Semperian-G4S GP2 Limited, Semperian-G4S LP2 Limited, Semperian SMIF Omega Limited, Semperian Omega Limited & Semperian Subholdings M40 Limited - Fourth Floor, 1 Gresham Street, London, EC2V 7BX.
- Cory TopCo Limited - Level 5, 10 Dominion Street, London, England, EC2M 2EF.

10 Debtors:

	2020	2019
	£	£
Amounts owed by group undertakings	34,124,347	21,326,241
Group relief receivable	2,678,114	2,451,623
Prepayments and accrued income	301,918	396,074
	<u>37,104,379</u>	<u>24,173,938</u>

Semperian PPP Investment Partners No.2 Limited

Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)

11 Creditors

	Note	2020 £	2019 £
Amounts falling due within one year			
Amounts owed to group undertakings		8,883,971	4,972,773
Other payables		-	2
Group relief		-	103,493
Accruals and deferred income		360,961	6,000
		<u>9,244,932</u>	<u>5,082,268</u>
Amounts falling due after more than one year			
Subordinated debt	12	880,765,329	833,448,265
Amounts owed to group undertakings		6,103,550	5,545,836
Accruals and deferred income		1,279,124	1,665,037
		<u>888,148,003</u>	<u>840,659,138</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

12 Loans and borrowings

	2020 £	2019 £
Loan and borrowings falling due after more than five years		
Subordinated debt	880,765,329	833,448,265
Group loan	6,103,550	5,545,836
	<u>886,868,879</u>	<u>838,994,101</u>

Semperian PPP Investment Partners No.2 Limited

Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)

12 Loans and borrowings (continued)

As at 31st March 2020, the Company had drawn £876,275,340 (2019: £829,073,959) on the loan facility in favour of Semperian PPP Investment Partners Limited. The loan from Semperian PPP Investment Partners Limited consists of an interest bearing facility of £550 million, the closing balance of which was £500,213,783 (2019: £476,610,093) and a non interest bearing facility of £450 million, the closing balance of which was £376,061,557 (2019: £352,463,866). Interest on the interest bearing loan is charged at 7.25% per annum to 13 December 2014 and 8.8% per annum thereafter and the interest bearing loan is repayable by 30th September 2037 whilst the non interest bearing loan is repayable by 1st April 2105.

As at 31st March 2020, the closing balance of the loan by A1 PPP Infrastructure Holdings Limited was £6,103,550 (2019: £5,545,836). Interest on the loan is charged at 5.5% and the loan is repayable by 30th September 2036.

As at 31st March 2020, the closing balance of the partnership loan from Arteos GP Limited & Co KG a wholly owned subsidiary was £4,489,989 (2019: £4,374,306). This loan is non interest bearing and has no set date for repayment.

All other amounts owed to or owed by group undertakings are interest free, unsecured and repayable on demand.

13 Called up Share capital

Allotted, called up and fully paid shares

	2020		2019	
	No.	£	No.	£
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

14 Related party transactions

The company holds investments in associates and subsidiaries under 100% (see note 9). All these transactions with these related parties have been conducted in the normal course of business. The table below discloses the aggregated related party transactions with these companies and their subsidiaries.

	Transaction value		Balance outstanding	
	2020	2019	2020	2019
	£	£	£	£
Interest receivable from fixed asset investments	6,298,897	10,539,661	4,540,484	9,761,161
Dividend receivable	26,331,602	8,602,182	-	-
Directors fees receivable	931,001	1,003,511	102,848	237,145

As a wholly owned subsidiary of Semperian PPP Investment Partners Holdings Limited, the company has taken advantage of the exemption under FRS 102 - paragraph 33.1A of the requirement to disclose transactions between it and other group companies.

Semperian PPP Investment Partners No.2 Limited

Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)

15 Parent and ultimate parent undertaking

The company's immediate parent is Semperian PPP Investment Partners Limited, incorporated in England and Wales.

The ultimate parent and controlling party is Semperian PPP Investment Partners Holdings Limited, incorporated in Jersey. The smallest group and largest group to consolidate these financial statements is Semperian PPP Investment Partners Holdings Limited. These financial statements are available upon request from the Company Secretary at 4th Floor, 1 Gresham Street, London, United Kingdom, EC2V 7BX.