

Group Package Accounts

BIIF Bidco Limited Annual Report and Financial Statements 31 December 2018



BIIF Bidco Limited

Annual Report and Financial Statements

Year Ended 31 December 2018

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BIIF Bidco Limited

Officers and Professional Advisers

The Board of Directors

Nigel Middleton (Resigned 21 March 2018)
John Cavill
James Dawes (Appointed 21 March 2018)

Company Secretary

Infrastructure Managers Limited

Registered Office

Cannon Place
78 Cannon Street
London
EC4N 6AF

Independent Auditors

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

Bankers

Barclays
71 Lombard Street
London
EC3P 3BS

BIIF Bidco Limited

Strategic Report

Year Ended 31 December 2018

The directors present their strategic report on BIIF Bidco Limited ("the Company") for the year ended 31 December 2018.

Principal Objectives and Strategies

The Company's principal objective is to invest in special purpose companies set up under the Government's Private Finance Initiative Scheme and other related investment activities. The Company also provides directors services to each of the special purpose vehicles in the Group comprising subsidiaries of the Company ("Group").

Review of the Business

The Company has performed in line with directors' expectations and model forecasts with the results for the year detailed in the Directors' Report.

During the year the company renegotiated the terms of the parent company loan which was previously due for repayment on 9 January 2019 to falling due on 31 December 2045.

Future Developments

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

Key Performance Indicators

Throughout the year the directors monitor the Company's financial covenants as set out in the bank facility agreement. The key conditions reviewed being debt service cover ratio and project life cover ratio. During the year the Company successfully met these ratios and performed their payment obligations in line with the Finance Document.

Other than the above, the directors believe that further analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the performance or position of the Company.

Going Concern

The directors acknowledge that while the Company has net current assets, it is in a net liabilities position overall. On 20 December 2018, the repayment terms of the immediate parent loan was extended to falling due on 31 December 2045. However, the future cashflows from the Company's investments are expected to recover this position over the life of the investment portfolio.

The Company also has loans from external banks, which are secured against the cashflows from the Company's investments. The Company's budgets and cash flow projections forecast that the obligations to the lenders will be met as they fall due.

The directors are therefore satisfied that the adoption of going concern basis of preparation for the financial statements is appropriate.

BIIF Bidco Limited

Strategic Report *(continued)*

Year Ended 31 December 2018

Principal Risks and Uncertainties

Financial risk

Due to the nature of the Company's business, the financial risks the directors consider relevant to this Company are credit, cash flow, interest rate and liquidity risk. The credit and cash flow risks are not considered significant as the income is ultimately derived from established public sector counterparties.

Interest rate risk

The financial risk management objectives of the Company are to ensure that financial risks are mitigated by the use of financial instruments where they cannot be addressed by means of contractual provisions. The Company uses interest rate swaps to reduce its exposure to interest rate movements. Financial instruments are not used for speculative purposes.

Liquidity risk

The Company's liquidity risk is principally managed through financing the Company by means of long-term borrowings.

Risk of underlying asset not performing

To manage this risk the key performance indicators of the Company's investments are regularly monitored.

This report was approved by the board of directors on 28/6/19 and signed on behalf of the board by:



James Dawes
Director

BIIF Bidco Limited

Directors' Report

Year Ended 31 December 2018

The directors present their report and the audited Annual Report and Financial Statements of the Company for the year ended 31 December 2018.

Directors

The directors who served the Company during the year and up to the date of this report were as follows:

Nigel Middleton
John Cavill
James Dawes

Performance Review

The loss for the financial year, after taxation, amounted to £9,180K (2017: a loss of £13,809K).

The loss for the financial year will be transferred to reserves.

Dividends

The directors do not recommend the payment of a dividend.

Qualifying Third Party Indemnity Provisions

The Company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Disclosure of Information to Auditors

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

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

The auditors are deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

This report was approved by the board of directors on 28/6/19 and signed by order of the board by:



Infrastructure Managers Limited
Company Secretary

BIIF Bidco Limited

Directors' Responsibilities Statement

Year Ended 31 December 2018

The directors are responsible for preparing the Strategic Report, Directors' Report and the Annual Report and Financial Statements in accordance with applicable law and regulations.

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

Under company law the directors must not approve the Annual Report and Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the profit or loss of the Company for that period.

In preparing the Annual Report and Financial Statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 Annual Report and Financial Statements; and
- prepare the Annual Report and 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 Annual Report and 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.

BIIF Bidco Limited

Independent Auditors' Report to the Members of BIIF Bidco Limited

Year Ended 31 December 2018

Report on the Audit of the Financial Statements

Opinion

In our opinion, BIIF Bidco Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its loss 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 Statement of Financial Position as at 31 December 2018; the Statement of Comprehensive Income and 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

ISAs (UK) require us to report to you when:

- 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.

We have nothing to report in respect of the above matters.

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. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the Company's trade, suppliers and the wider economy.

BIIF Bidco Limited

Independent Auditors' Report to the Members of BIIF Bidco Limited *(continued)*

Year Ended 31 December 2018

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 or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

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 December 2018 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 Directors' Responsibilities Statement set out on page 5, 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.

BIIF Bidco Limited

Independent Auditors' Report to the Members of BIIF Bidco Limited *(continued)*

Year Ended 31 December 2018

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.

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.



Mark Hoskyns-Abraham (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants & Statutory Auditors
Edinburgh

28/6/19

BIIF Bidco Limited

Statement of Comprehensive Income

Year Ended 31 December 2018

| | Note | 2018 £000 | 2017 £000 |
|---|------|-----------------------|------------------------|
| Administrative expenses | | (431) | (463) |
| Other operating income | 5 | <u>1,803</u> | <u>1,967</u> |
| Operating profit | 6 | 1,372 | 1,504 |
| Income from shares in Group undertakings | 7 | 34,427 | 32,500 |
| Other interest receivable and similar income | 8 | 38,027 | 40,290 |
| Interest payable and similar expenses | 9 | (92,563) | (91,497) |
| Loss before taxation | | (18,737) | (17,203) |
| Tax on loss | 10 | 9,557 | 3,394 |
| Loss for the financial year | | <u>(9,180)</u> | <u>(13,809)</u> |
| Fair value movements on cash flow hedging instruments, net of tax | | 10,612 | 6,895 |
| Total comprehensive income/(expense) for the year | | <u>1,432</u> | <u>(6,914)</u> |

All the activities of the Company are from continuing operations.

The notes on pages 12 to 27 form part of the Annual Report and Financial Statements.

BIIF Bidco Limited

Statement of Financial Position

As at 31 December 2018

| | Note | 2018 £000 | 2017 £000 |
|--|-------------|----------------------|----------------------|
| Fixed assets | | | |
| Investments | 11 | 481,718 | 480,666 |
| Current assets | | | |
| Debtors: amounts falling due within one year | 12 | 494,105 | 519,487 |
| Debtors: amounts falling due after more than one year | 12 | 19,492 | 22,725 |
| Cash at bank and in hand | | 38,779 | 36,656 |
| | | 552,376 | 578,868 |
| Creditors: Amounts falling due within one year | 13 | (157,708) | (144,263) |
| Net current assets | | 394,668 | 434,605 |
| Total assets less current liabilities | | 876,386 | 915,271 |
| Creditors: Amounts falling due after more than one year | 14 | (1,302,371) | (1,342,688) |
| Net liabilities | | (425,985) | (427,417) |
| Capital and reserves | | | |
| Called up share capital | 17 | — | — |
| Hedging reserve | 18 | (74,461) | (85,073) |
| Profit and loss account | 18 | (351,524) | (342,344) |
| Total shareholders' deficit | | (425,985) | (427,417) |

The Annual Report and Financial Statements were approved by the board of directors and authorised for issue on **28/6/19**, and are signed on behalf of the board by:



James Dawes
Director

Company registration number: 06704479

The notes on pages 12 to 27 form part of the Annual Report and Financial Statements.

BIIF Bidco Limited

Statement of Changes in Equity

Year Ended 31 December 2018

| | Hedging reserve £000 | Profit and loss account £000 | Total £000 |
|--|-------------------------------------|---|-------------------------|
| At 1 January 2017 | (91,968) | (328,535) | (420,503) |
| Loss for the financial year | | (13,809) | (13,809) |
| Other comprehensive income for the year: | | | |
| Fair value movements on cash flow hedging instruments, net of tax | 6,895 | — | 6,895 |
| Total comprehensive expense for the year | 6,895 | (13,809) | (6,914) |
| At 31 December 2017 | (85,073) | (342,344) | (427,417) |
| Loss for the financial year | | (9,180) | (9,180) |
| Other comprehensive income for the year: | | | |
| Fair value movements on cash flow hedging instruments, net of tax | 10,612 | — | 10,612 |
| Total comprehensive income for the year | 10,612 | (9,180) | 1,432 |
| At 31 December 2018 | <u>(74,461)</u> | <u>(351,524)</u> | <u>(425,985)</u> |

The notes on pages 12 to 27 form part of the Annual Report and Financial Statements.

BIIF Bidco Limited

Notes to the Annual Report and Financial Statements

Year Ended 31 December 2018

1. General Information

BIIF Bidco Limited ("the Company") is a private company limited by shares and is incorporated and domiciled in the UK. The address of its registered office is Cannon Place, 78 Cannon Street, London, EC4N 6AF.

The Company's principal activity is to invest in special purpose companies set up under the Government's Private Finance Initiative Scheme and other related investment activities.

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

2. Statement of Compliance

The individual financial statements of BIIF Bidco Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Accounting Policies

(a) Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities.

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 judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed further in the accounting policies.

The accounting policies stated below have been consistently applied to the years presented, unless otherwise stated.

(b) Going concern

The directors acknowledge that while the Company has net current assets, it is in a net liabilities position overall. On 20 December 2018, the repayment terms of the immediate parent loan was extended to falling due on 31 December 2045. However, the future cashflows from the Company's investments are expected to recover this position over the life of the investment portfolio.

The Company also has loans from external banks, which are secured against the cashflows from the Company's investments. The Company's budgets and cash flow projections forecast that the obligations to the lenders will be met as they fall due.

The directors are therefore satisfied that the adoption of going concern basis of preparation for the financial statements is appropriate.

BIIF Bidco Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year Ended 31 December 2018

3. Accounting Policies *(continued)*

(c) Disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of BIIF Holdco Limited which can be obtained from the Company Secretary at Cannon Place, 78 Cannon Street, London, EC4N 6AF. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) No cash flow statement has been presented for the Company.
- (b) Disclosures in respect of financial instruments have not been presented.

The Company is wholly owned by BIIF Holdco Limited and has taken advantage of the exemption in section 33 of FRS 102 'Related Party Disclosures', that allows it not to disclose transactions with wholly owned members of a group.

(d) Consolidation

The Company is a wholly owned subsidiary of BIIF Parentco Limited and of its ultimate parent, BIIF L.P. It is included in the consolidated financial statements of its intermediate parent BIIF Holdco Limited which are publicly available. Therefore the Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

These financial statements are the Company's separate financial statements.

(e) Judgments and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported. These estimates and judgments are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty are as follows:

i) Impairment of assets

The carrying value of those assets recorded in the Company's Statement of Financial Position, at amortised cost, could be materially reduced where circumstances exist which might indicate that an asset has been impaired and an impairment review is performed. Impairment reviews consider the fair value and/or value in use of the potentially impaired asset or assets and compares that with the carrying value of the asset or assets in the Statement of Financial Position. Any reduction in value arising from such a review would be recorded in the Statement of Comprehensive Income. Impairment reviews involve the significant use of assumptions. Consideration has to be given as to the price that could be obtained for the asset or assets, or in relation to a consideration of value in use, estimates of the future cash flows that could be generated by the potentially impaired asset or assets, together with a consideration of an appropriate discount rate to apply to those cash flows.

BIIF Bidco Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year Ended 31 December 2018

3. Accounting Policies *(continued)*

(f) Income tax

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

i) Current Tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end. The directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is also recognised on the revaluations of derivative financial instruments, with the movements going through the Statement of Comprehensive Income.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the deferred tax asset or liability.

(g) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of six months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

(h) Borrowings

Borrowings are recognised at amortised cost using the effective interest rate method. Under the effective interest rate method, any transaction fees, costs, discounts and premiums directly related to the borrowings are recognised in the Statement of Comprehensive Income over the life of the borrowings. Borrowings with maturities greater than twelve months after the reporting date are classified as non-current liabilities.

BIIF Bidco Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year Ended 31 December 2018

3. Accounting Policies *(continued)*

(i) 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.

(j) Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely are independent of the cash inflows from other assets or groups of assets.

(k) Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price and subsequently at amortised cost, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Other financial instruments are subsequently measured at fair value, with any changes recognised in the Statement of Comprehensive Income, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in the Statement of Comprehensive Income immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

BIIF Bidco Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year Ended 31 December 2018

3. Accounting Policies *(continued)*

Financial instruments *(continued)*

Any reversals of impairment are recognised in the Statement of Comprehensive Income immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the Statement of Financial Position. Finance costs and gains or losses relating to financial liabilities are included in the Statement of Comprehensive Income. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

(I) Hedge accounting

The Company has entered into an arrangement with third parties that is designed to hedge future cash flows arising on variable rate interest loan arrangements, with the net effect of exchanging the cash flows arising under those arrangements for a stream of fixed interest cash flows ("interest rate swaps"). The Company has also entered into an arrangement with third parties that is designed to hedge future cash receipts arising from its principal activity (RPI swaps). The Company has designated that this arrangement is a hedge of another (non-derivative) financial instrument, to mitigate the impact of potential volatility on the Company's net cash flows.

To qualify for hedge accounting, documentation is prepared specifying the hedging strategy, the component transactions and methodology used for effectiveness measurement. Changes in the carrying value of financial instruments that are designated and effective as hedges of future cash flows ("cash flow hedges") are recognised directly in a hedging reserve in equity and any ineffective portion is recognised immediately in the Statement of Comprehensive Income. Amounts deferred in equity in respect of cash flow hedges are subsequently recognised in the Statement of Comprehensive Income in the same period in which the hedged item affects net profit or loss or the hedging relationship is terminated and the underlying position being hedged has been extinguished.

4. Particulars of Employees and Directors

The average number of persons employed by the Company during the financial year, including the directors, amounted to nil (2017: nil). The directors did not receive any remuneration from the Company during the year (2017: £nil).

5. Other Operating Income

| | 2018 | 2017 |
|------------------------|---------------------|---------------------|
| | £000 | £000 |
| Other operating income | <u>1,803</u> | <u>1,967</u> |

BIIF Bidco Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year Ended 31 December 2018

6. Operating Profit

Operating profit or loss is stated after charging:

| | 2018 £000 | 2017 £000 |
|--|--------------|--------------|
| Fees payable for the audit of the annual report and financial statements | <u>14</u> | <u>7</u> |

In addition to the Company's own audit fee, it has also borne the audit fee for a number of other Group companies amounting to £99,085 (2017: £102,187).

7. Income from Shares in Group Undertakings

| | 2018 £000 | 2017 £000 |
|--------------------------------|---------------|---------------|
| Income from Group undertakings | <u>34,427</u> | <u>32,500</u> |

8. Other Interest Receivable and Similar Income

| | 2018 £000 | 2017 £000 |
|---------------------------------------|---------------|---------------|
| Interest on cash and cash equivalents | 72 | 17 |
| Interest from Group undertakings | 28,650 | 28,699 |
| Gain on financial instruments | <u>9,305</u> | <u>11,574</u> |
| | <u>38,027</u> | <u>40,290</u> |

9. Interest Payable and Similar Expenses

| | 2018 £000 | 2017 £000 |
|---|---------------|---------------|
| Interest on bank loans and overdrafts | 37,453 | 37,809 |
| Interest due to Group undertakings | 55,110 | 53,652 |
| Other interest payable and similar expenses | — | 36 |
| | <u>92,563</u> | <u>91,497</u> |

10. Tax on Loss

Major components of tax income

| | 2018 £000 | 2017 £000 |
|---|-----------------|----------------|
| Current tax: | | |
| UK current tax income | (6,492) | (2,725) |
| Adjustments in respect of prior periods | <u>(4,124)</u> | <u>(1,750)</u> |
| Total current tax | <u>(10,616)</u> | <u>(4,475)</u> |

BIIF Bidco Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year Ended 31 December 2018

10. Tax on Loss *(continued)*

| | 2018 £000 | 2017 £000 |
|--|----------------|----------------|
| Deferred tax: | | |
| Origination and reversal of timing differences | 1,184 | 1,271 |
| Impact of change in tax rate | (125) | (148) |
| Adjustment in respect of prior periods | – | (42) |
| Total deferred tax | 1,059 | 1,081 |
| Tax on loss | (9,557) | (3,394) |

Reconciliation of tax income

The tax assessed on the loss for the year is lower than (2017: lower than) the standard rate of corporation tax in the UK of 19% (2017: 19.25%).

| | 2018 £000 | 2017 £000 |
|--|--------------|--------------|
| Loss before taxation | (18,737) | (17,203) |
| Loss by rate of tax | (3,560) | (3,311) |
| Adjustment to tax charge in respect of prior periods | (4,124) | (1,792) |
| Effect of expenses not deductible for tax purposes | – | 3,646 |
| Utilisation of tax losses | – | (93) |
| Income not assessable for tax purposes | (6,541) | (6,255) |
| Non-trading transfer pricing adjustments | 4,793 | 4,559 |
| Effect of change in tax rate | (125) | (148) |
| Total tax credit | (9,557) | (3,394) |

11. Investments

| | Shares in Group undertakings £000 | Loans to Group undertakings £000 | Total £000 |
|--|--|---|----------------|
| Cost | | | |
| At 1 January 2018 | 352,066 | 128,600 | 480,666 |
| Additions | – | 1,792 | 1,792 |
| Repayments | – | (740) | (740) |
| At 31 December 2018 | 352,066 | 129,652 | 481,718 |
| Impairment | | | |
| At 1 January 2018 and 31 December 2018 | – | – | – |
| Carrying amount | | | |
| At 31 December 2018 | 352,066 | 129,652 | 481,718 |
| At 31 December 2017 | 352,066 | 128,600 | 480,666 |

BIIF Bidco Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year Ended 31 December 2018

11. Investments *(continued)*

Loans to Group undertakings are unsecured and would rank above ordinary shareholders but below all other creditors of the entity. The loans do not have repayment profiles and receive interest between the range of 7.5% and 14.04%.

Investments in Group undertakings are stated at cost and are listed in notes 21 and 22 .

12. Debtors

Debtors amounts falling due within one year are as follows:

| | 2018 £000 | 2017 £000 |
|------------------------------------|----------------|----------------|
| Trade debtors | 8 | – |
| Amounts owed by Group undertakings | 493,149 | 519,486 |
| Other debtors | 948 | 1 |
| | <u>494,105</u> | <u>519,487</u> |

Debtors amounts falling due after more than one year are as follows:

| | 2018 £000 | 2017 £000 |
|--------------------|---------------|---------------|
| Deferred tax asset | <u>19,492</u> | <u>22,725</u> |

The amounts owed by Group undertakings relate to trading balances of £299,946K (2017: £325,939K) that bear interest at 8.4%, accrued interest of £191,148K (2017: £191,173K), and other trading balances of £2,055K (2017: £2,374K) that bear no interest and are repayable on demand.

13. Creditors: Amounts Falling due Within One Year

| | 2018 £000 | 2017 £000 |
|------------------------------------|----------------|----------------|
| Bank loans and overdrafts | 18,226 | 19,666 |
| Trade creditors | 7 | 11 |
| Amounts owed to Group undertakings | 138,701 | 118,785 |
| Accruals and deferred income | 692 | 321 |
| Corporation tax | – | 5,384 |
| Taxation and social security | 82 | 96 |
| | <u>157,708</u> | <u>144,263</u> |

The amounts owed to Group undertakings relate to trading balances of £50,865K (2017: £43,310K) that bear interest at 8.4%, Group tax relief of £15,120K (2017: £16,534k), and accrued interest of £72,716K (2017: £58,941K) which attract no interest and are repayable on demand.

14. Creditors: Amounts Falling due after More than One Year

| | 2018 £000 | 2017 £000 |
|------------------------------------|------------------|------------------|
| Bank loans and overdrafts | 461,169 | 479,396 |
| Amounts owed to Group undertakings | 643,537 | 643,537 |
| Derivative financial liability | 197,665 | 219,755 |
| | <u>1,302,371</u> | <u>1,342,688</u> |

BIIF Bidco Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year Ended 31 December 2018

14. Creditors: Amounts Falling due after More than One Year *(continued)*

Included within creditors: amounts falling due after more than one year is an amount of £117,902,020 (2017: £1,231,566,507) in respect of liabilities payable or repayable by instalments which fall due for payment after more than five years from the reporting date.

The Company has two bank loan facilities. Facility A £483,507,000 which expires on 31 December 2025, and Facility B £50,000,000 which is scheduled to be fully repaid by 31 December 2035. The loan facilities have principal payments due on a six monthly basis. The Company has interest rate swap arrangements in respect of Facility A and under these arrangements the Company receives interest on a variable basis and pays interest at 7.008%. Facility B has a fixed lending rate of 4.182%. The facilities are secured against the cash flows from the Company's equity and loan investments.

Unamortised issue costs outstanding amount to £8,253K (2017:£9,088K)

The Company has received loans totalling £643,537K (2017: £643,537K) from its parent undertaking. These loans are due for repayment on 31 December 2045, are unsecured and bear interest at 8%.

15. Deferred Tax

The deferred tax included in the statement of financial position is as follows:

| | 2018 £000 | 2017 £000 |
|-------------------------------|---------------|---------------|
| Included in debtors (note 12) | <u>19,492</u> | <u>22,725</u> |

The deferred tax account consists of the tax effect of timing differences in respect of:

| | 2018 £000 | 2017 £000 |
|--|----------------|----------------|
| Fair value gains/losses on derivatives | 22,074 | 25,711 |
| Change in basis adjustments | <u>(2,582)</u> | <u>(2,986)</u> |
| | <u>19,492</u> | <u>22,725</u> |

The Company's tax losses as at 31 December 2018 amount to £58,081K (2017: £60,875K). The resultant deferred tax asset of £9,874K (2017: £10,349K) has not been recognised due to uncertainties as to the extent and timing of its future recovery.

16. Financial Instruments

The interest rate and RPI swaps are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key assumptions used in valuing the derivatives are the forward interest rate curves for GBP LIBOR and forward RPI curves.

17. Called Up Share Capital

Issued, called up and fully paid

| | 2018 | | 2017 | |
|----------------------------|----------|----------|----------|----------|
| | No. | £000 | No. | £000 |
| Ordinary shares of £1 each | <u>1</u> | <u>—</u> | <u>1</u> | <u>—</u> |

BIIF Bidco Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year Ended 31 December 2018

18. Reserves

Hedging reserve - This reserve records fair value movements on cash flow and net investment hedging instruments.

Profit and loss account - This reserve records retained earnings and accumulated losses.

19. Related Party Transactions

The Company is wholly owned by BIIF Parentco Limited and has taken advantage of the exemption in section 33 of FRS 102 'Related Party Disclosures', that allows it not to disclose transactions with wholly owned members of a Group.

The following disclosures are with entities in the Group that are not wholly owned:

The Company has a 80% investments in Alert Communications Group Holdings Limited and has a loan receivable of £2,947K (2017: £3,043K). The interest received for the year amounted to £458K (2017: £435K).

The Company has a 55% investment in Reno (Tay) Limited, and during the year received dividends of £508K (2017: £510K).

The Company has a 70% investment in Reno Water (Highland) Limited, and during the year received dividends of £2,061K (2017: £2,255)

20. Controlling Party

The immediate parent undertaking is BIIF Parentco Limited.

The intermediate parent undertaking is BIIF Holdco Limited, which is the parent undertaking of the smallest and largest Group to consolidate these financial statements. Copies of BIIF Holdco Limited consolidated financial statements can be obtained from the Company Secretary at Cannon Place, 78 Cannon Street, London, EC4N 6AF.

The ultimate parent and controlling party is BIIF L.P. BIIF L.P. is owned by a number of investors with no one investor having individual control.

BIIF Bidco Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year Ended 31 December 2018

21. Investments in Subsidiaries

The companies listed below are wholly owned subsidiaries of the Company and all investments are in ordinary shares:

Registered Office - Cannon Place, 78 Cannon Street, London, EC4N 6AF

A-Roads Investments Limited

Adams Campus Limited

AM Holdco Limited

BIIF Holdco III Limited

Black Hill Topco Limited

Black Hill Holdings Limited

Black Hill Wind Farm Limited

CH Bolton Limited

CH Bolton (Holdings) Limited

Cricketdrift Limited

Defence Management Group (Holdings) Limited

Defence Management (Holdings) Limited

Defence Management (Watchfield) Limited

Duchesspark Holdings Limited

Duchesspark Limited

Durham Investments Holdco Limited

Elbon Holdings (1) Limited

Elbon Holdings (2) Limited

Elbon Holdings (3) Limited

Elbon PFI Fund (Investments) Limited

ERI Holdings Limited

HSC Investments Limited

HpC King's College Hospital (Holdings) Limited

HpC King's College Hospital (Issuer) plc

HpC King's College Hospital Limited

I2 Bidco Limited

I2 Holdco 2 Limited

I2 Holdco Limited

Infrastructure Investors Limited

International Water (Highland) Limited

International Water (Tay) Limited

Investment Holdings (Genistics) Limited

IWL Moray Montrose Limited

IWUHH Limited

Kilmarnock PFI Holdings Limited

Kilmarnock Prison Services Limited

Lanterndew Limited

Lowdham Grange Prison Services Limited

M1-A1 Investments Limited

M1-A1 Yorkshire Limited

Matrix FPMS Holdings Limited

Matrix FPMS Limited

Matrix PFI Developments Limited

Matrix PFI GP Limited

Matrix PFI Holdings Limited

Matrix Premier Holdings Limited

Moreton Prison Services Limited

Newschools (Penweddig) Holdings Limited

Newschools (Penweddig) Limited

Nuffield Albion Healthcare Limited

NVSH TopCo Limited

PFI Infrastructure Finance Limited

BIIF Bidco Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year Ended 31 December 2018

PFI Senior Funding Limited
PIF Vulcans Lane Limited
PIF West Cumbria Limited
Premier Custodial Finance Limited
Premier Custodial Investments Limited
Premier Custodial Sub-debt Limited
Pucklechurch Custodial Services Limited
Reno Water Highland Limited
Reno Water (Moray) Limited
Reno Water (Tay) Limited
Robertson Education (Aberdeenshire) Group Holdings Limited
SD Marine Services (Holdings) Limited
SD Marine Services Limited
TBEP Investments Limited
Tiverton Healthcare Facilities (Holdings) Limited
Tiverton Healthcare Facilities Limited
VLE Holdings Limited
Vulcans Lane Estates Limited
WCEM Holdings Limited

Registered Office - 2nd Floor, 11 Thistle Street, Edinburgh, EH2 1DF

ABC Schools (Holdings) Limited
ABC Schools Limited
Bannockburn Group Limited
Bannockburn Holdings Limited
Bannockburn Homes Limited
Covesea Holdings Limited
Elgin Water Limited
Forfar Healthcare (Holdings) Limited
Forfar Healthcare Limited
Infrastructure Managers Limited
International Water UU (Highland) Limited
KE Project Limited
LH Project Limited
Midlothian Schools (Debtco) Limited
Midlothian Schools (Holdings) Limited
Midlothian Schools Limited
Morris Eddie Limited
NVSH Holdco Limited
Robertson Education (Aberdeenshire) Holdings Limited
Robertson Education (Aberdeenshire) Limited
Salisbury Healthcare Facilities (Holdings) Limited
Salisbury Healthcare Facilities Limited
West Cumbria Estates Management Limited

Registered Office - 4/7 Esplanade, St Helier, Jersey, JE1 0DE
BIIF Offshore Windkraft Holdings Limited

Registered Office - St James Chambers, Athol Street, Douglas, Isle Of Man, IM1 1JE
PFI Infrastructure Company plc

BIIF Bidco Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year Ended 31 December 2018

The companies listed below are subsidiaries of the Company but are not wholly owned:-

| | Investment Holding % |
|---|-------------------------------------|
| <i>Registered Office - 2nd Floor, 11 Thistle Street, Edinburgh, EH2 1DF</i> | |
| Catchment Highland Holdings Limited | 85 |
| Catchment Highland Limited | 85 |
| Catchment Limited | 85 |
| Catchment Moray Holdings Limited | 85 |
| Catchment Moray Limited | 85 |
| Catchment Tay Holdings Limited | 51 |
| Catchment Tay Limited | 85 |
| Covesea Limited | 54 |
| Lochgilphead Healthcare Services (Holdings) Limited | 54 |
| Lochgilphead Healthcare Services Limited | 54 |
| <i>Registered Office - 6th Floor 350 Euston Road, Regents Place, London, NW1 3AX</i> | |
| Connect A50 Limited | 25 |
| Connect Roads Limited | 25 |
| <i>Registered Office - 33 Wigmore Street London, W1U 1QX</i> | |
| Alert Communications Group Holdings Limited | 80 |
| Alert Communications (2006) Limited | 80 |
| Alert Communications Limited | 80 |
| <i>Registered Office - Arnolds Cottage, Eddy Green Road, Lytchett Matravers, Poole, Dorset, BH16 6HL</i> | |
| Alert Communications (Holdings) Limited | 80 |

The above is a complete list of the Company's subsidiary undertakings. The directors consider that to give full particulars of all subsidiaries would lead to a statement of excessive length.

BIIF Bidco Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year Ended 31 December 2018

22. Investments in Associates and Joint Ventures

| | Investment Holding % |
|---|----------------------------|
| All investments held are ordinary shares: | |
| <i>Registered Office - 3rd Floor, 3-5 Charlotte Street, Manchester, England, M1 4HB</i> | |
| Calderdale Hospital SPC Holdings Limited | 20 |
| Calderdale Hospital SPC Limited | 20 |
| Worcester Hospital SPC Holdings Limited | 17 |
| Worcester Hospital SPC plc | 17 |
| <i>Registered Office - Cannon Place, 78 Cannon Street, London, EC4N 6AF</i> | |
| The Education Support Company (Leeds) Limited | 50 |
| The Education Support Company Holdings (Leeds) Limited | 50 |
| Modern Courts (Humberside) Limited | 50 |
| Modern Courts Holdings (Humberside) Limited | 50 |
| Modern Courts (East Anglia) Limited | 50 |
| Modern Courts Holdings (East Anglia) Limited | 50 |
| Consort Healthcare (Durham) Limited | 50 |
| Consort Healthcare (Durham) Holdings Limited | 50 |
| Key Health Services (Addenbrookes) Limited | 50 |
| Key Health Services Holdings (Addenbrookes) Limited | 50 |
| Sheppey Route Limited | 50 |
| Sheppey Route (Holdings) Limited | 50 |
| Hounslow Highways Services Limited | 50 |
| Hounslow Highways Investment Limited | 50 |
| Hounslow Highways Investment 2 Limited | 50 |
| Manchester Schools Services Limited | 25 |
| Manchester School Services Holdings Limited | 50 |
| Road Management Services (Peterborough) Limited | 42 |
| Road Management Services (Gloucester) Limited | 42 |
| Road Management Limited | 42 |
| Road Management Group Limited | 42 |
| Road Management Consolidated Plc | 42 |
| Blue Transmission Walney 1 Limited | 50 |
| Blue Transmission Walney 1 (Holdings) Limited | 50 |
| Blue Transmission Walney 2 Limited | 50 |
| Blue Transmission Walney 2 (Holdings) Limited | 50 |
| Blue Transmission London Array Limited | 50 |
| Blue Transmission Sheringham Shoal Limited | 50 |
| Blue Transmission Sheringham Shoal (Holdings) Limited | 50 |
| Blue Transmission London Array (Holdings) Limited | 50 |
| Schools Capital Limited | 49 |
| <i>Registered Office - 11 Thistle Street, Edinburgh, EH21DF</i> | |
| Summit Healthcare (Wishaw) Limited | 60 |
| Summit Holdings (Wishaw) Limited | 60 |
| Summit Finance (Wishaw) plc | 60 |
| PPP Services (North Ayrshire) Holdings Limited | 30 |
| PPP Services (North Ayrshire) Limited | 30 |
| FCC (East Ayrshire) Holdings Limited | 20 |
| FCC (East Ayrshire) Limited | 20 |
| Stobhill Healthcare Facilities (Holdings) Limited | 60 |
| Stobhill Healthcare Facilities Limited | 60 |

BIIF Bidco Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year Ended 31 December 2018

| | |
|---|----|
| Emblem Schools (Holdings) Limited | 30 |
| Emblem Schools Limited | 30 |
| ESP (Holdings) Limited | 17 |
| The Edinburgh Schools Partnership Limited | 17 |
| Consort Healthcare (Edinburgh Royal Infirmary) Finance Limited | 50 |
| Consort Healthcare (Edinburgh Royal Infirmary) Limited | 50 |
| Consort Healthcare (Edinburgh Royal Infirmary) Holdings Limited | 50 |
| Consort Healthcare (Edinburgh Royal Infirmary) Investments Limited | 50 |
| Glasgow Healthcare Facilities Limited | 50 |
| Glasgow Healthcare Facilities (Holdings) Limited | 50 |
| <i>Registered Office - Quartermile One, 15 Lauriston Place, Edinburgh, EH3 9EP</i> | |
| Stirling Gateway Limited | 50 |
| Stirling Gateway HC Limited | 50 |
| <i>Registered Office - Geneva Way, Leads Road, Hull, North Humberside, HU7 0DG</i> | |
| Sewell Education (York) Limited | 50 |
| Sewell Education (York) Holdings Limited | 50 |
| <i>Registered Office - Westwood Way, Westwood Business Park, Coventry, CV4 8LG</i> | |
| Lighting for Staffordshire Limited | 40 |
| Lighting For Staffordshire Holdings Limited | 40 |
| <i>Registered Office - Third Floor Broad Quay House, Prince Street, Bristol, BS1 4DJ</i> | |
| Albion Healthcare (Oxford) Limited | 25 |
| Albion Healthcare (Oxford) Holdings Limited | 25 |
| <i>Registered Office - Hill Park Court, Springfield Drive, Leatherhead, Surrey, KT22 7NL</i> | |
| Fasttrax Limited | 50 |
| Fasttrax Holdings Limited | 50 |
| <i>Registered Office - Victoria House, 1st Floor, 101 Victoria Road, Chelmsford, Essex, CM1 1JR</i> | |
| Salford Schools Solutions Limited | 25 |
| Salford Schools Solutions Holdco Limited | 25 |
| <i>Registered Office - 6th Floor, 350 Euston Road, Regent's Place, London, NW1 3AX</i> | |
| Connect A30/35 Limited | 15 |
| Connect A30/A35 Holdings Limited | 15 |
| Connect M77 / GSO plc | 15 |
| Connect M1-A1 Limited | 50 |
| Connect M1-A1 Holdings Limited | 50 |
| <i>Registered Office - First Floor Return, 25 Merrion Square, Dublin 2</i> | |
| CSM PPP Services Limited | 25 |
| CSM PPP Services (Holdings) Limited | 25 |
| <i>Registered Office - c/o Cleaver Fulton Rankin, 50 Bedford Street, Belfast, BT2 7FW</i> | |
| Bangor and Nendrum Schools Services Limited | 20 |
| Bangor and Nendrum Schools Services Holdings Limited | 20 |
| <i>Registered Office - Third Floor, Broad Quay House, Price Street, Bristol, BS1 4DJ</i> | |
| Road Management Services (Darrington) Limited | 25 |
| Road Management (Services Darrington) Holdings Limited | 25 |
| Road Management Services (Finance) plc | 25 |
| <i>Registered Office - 47 Esplanade, St Helier, Jersey, JE1 0BD</i> | |
| Blue Transmission Walney 2 Investments Limited | 50 |
| Blue Transmission Sheringham Shoal Investments Limited | 50 |

BIIF Bidco Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year Ended 31 December 2018

| | |
|--|----|
| <i>Registered Office - 73 Norman Road, Greenwich, London SE10 9qf</i> City Greenwich Lewisham Rail Link plc | 40 |
|--|----|

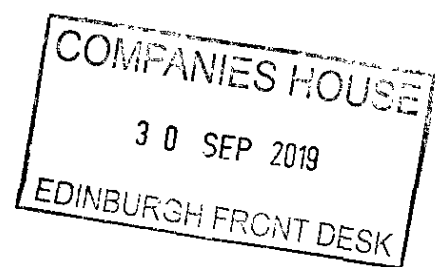
| | |
|---|----|
| <i>Registered Office - Rolls Royce Plc, PO BOX 31, Moor Lane, Deby, Derbyshire, DE24 8BJ</i> Genistics Limited | 50 |
| Genistics Holdings Limited | 50 |

The above is a complete list of the Company's related undertakings.

BIIF Holdco Limited

**Annual Report and Consolidated Financial Statements
For the year ended 31 December 2018**

Registered number 06704550



BIIF Holdco Limited

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BIIF Holdco Limited

Company Information

Directors: John Cavill
James Dawes (Appointed 21 March 2018)
Nigel Middleton (Resigned 21 March 2018)

Company Secretary: Infrastructure Managers Limited

Registered Office: Cannon Place
78 Cannon Street
London
EC4N 6AF

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 2018

The Directors present their Annual Report and the audited consolidated financial statements of BIIF Holdco Limited ("the Company") and its consolidated subsidiaries ("the Group") for the year ended 31 December 2018.

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 energy markets.

Review of the Business

The results for the year are in line with management's current expectations with each of the Group's investments performing materially in line with the relevant financial model.

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.

Going Concern

The Group has received loans from external banks, which are secured against the cash flows from the Group's investments together with issued Eurobonds. 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.

Going Concern – Company

The Company's financial statements have been prepared on a going concern basis following a confirmation from its immediate parent that the loan due by the Company will not be called for repayment within twelve months from the date of signing the financial statements. On a cash basis the Company has income receipts sufficient to cover the liabilities due.

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.

BIIF Holdco Limited

Strategic Report (continued)

Financial Risk Management (continued)

Objectives and policies

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

Interest rate risk

The financial risk management objectives of the Group are to ensure that financial risks are mitigated by the use of financial instruments. The Group uses interest rate swaps to reduce its exposure to interest rate movements. Financial instruments are not used for speculative purposes.

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 statement of financial position 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.

Liquidity risk

The Company's liquidity risk is principally managed through financing the Group by means of long term borrowing.

BIIF Holdco Limited

Strategic Report (continued)

Principal Risks and Uncertainties

The portfolio is based on long-term contracts with public sector counterparties. There is a risk, arising from any future changes in political priorities, that the public sector may wish to terminate these contracts early. In most cases, the contracts have robust provisions which set out the basis on which investors will be compensated in the event of early termination at the request of the public sector. Where such provisions do not exist, termination and associated compensation is subject to mutual agreement. Overall, the directors consider the risk of material loss arising from widespread early termination of the projects to be low.

Another 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 mitigate any potential adverse effects.

Approved by the board on 26/9/19 and signed on its behalf by:



James Dawes
Director

BIIF Holdco Limited

Directors' Report

The Directors present their report and the audited consolidated financial statements of the Company and the Group for the year ended 31 December 2018.

Results and Dividends

The consolidated profit after tax and minority interests in the financial year was £33,286K (2017: £1,742K). The result for the year will be transferred to reserves. The Company made a loss of £1,604K (2017: profit of £565K) for the financial year.

No dividends (2017: £nil) were paid by the Company during the year.

Financial Risk Management

See information provided in the Strategic Report.

Going Concern

See information provided in the Strategic Report.

Future Developments

See information provided in the Strategic Report.

Directors and their Interests

The Directors in office during the year and up to the date of this report, shown on page 1, had no beneficial interest in the Company or its subsidiaries.

Disclosure of Information to the Auditors

So far as each of the Directors are 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 26/9/19 and signed on its behalf by:



James Dawes
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 prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102).

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 the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 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 26/9/19 and signed on its behalf by:



James Dawes
Director

BIIF Holdco Limited

Independent Auditors' Report to the members of BIIF Holdco Limited

Report on the audit of the financial statements

Opinion

In our opinion, BIIF Holdco Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's and of the company's affairs as at 31 December 2018 and of the Group's profit and cash flows 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 Consolidated Financial Statements (the "Annual Report"), which comprise: the consolidated and company statements of financial position as at 31 December 2018; the consolidated statement of comprehensive income, the consolidated statement of cash flows, and the consolidated and company statements 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

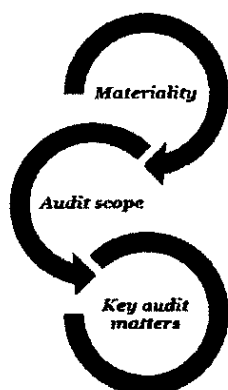
We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit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

Independence

We remained independent of the group 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, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview



- Overall group materiality: £8,762,400 (2017: £7,791,150), based on 5% of earnings before interest, tax, depreciation and amortisation ("EBITDA").
- Overall company materiality: £7,886,160 (2017: £7,012,735), based on 1% of total assets restricted to 90% of the overall group materiality.
- The group comprises a large number of components, being operating subsidiaries, intermediary holding companies, joint ventures and associates.
- Our audit scope was tailored to provide appropriate coverage of the consolidated financial statements through audit procedures performed across the components by the group audit team.
- The components where we performed full scope audit work accounted for approximately 75% of the group's turnover.
- Risk of incorrect recognition of turnover as a result of inappropriate calculation and allocation of the unitary charge.
- Risk of incorrect valuation of derivatives and application of hedge accounting.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgments, for example in respect of significant accounting estimates

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that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgment, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

| Key audit matter | How our audit addressed the key audit matter |
|--|--|
| <p><i>Risk of incorrect recognition of turnover as a result of inappropriate calculation and allocation of the unitary charge</i></p> <p>Through its subsidiaries, joint ventures and associates, the group has service concession arrangements with external parties for the design, construction, finance and maintenance of various public use assets including education facilities, railways, hospitals, roads, prisons and police stations.</p> <p>A significant proportion of the service concession arrangements are accounted for as finance debtors, with amortisation and finance income recognised each year at a constant rate.</p> <p>The unitary charge payments received from customers for the service concession arrangements are allocated to turnover, finance income and the finance debtor amortisation. The allocation to turnover is calculated by applying a margin to the costs incurred in the operations and ongoing maintenance of the related asset. Due to the judgment required to estimate the margin over the life of the project and the significant impact that the allocation of the unitary charge has on key accounts: turnover, finance income, the finance debtor and any unitary charge control accounts ("UCCA"), including those most susceptible to fraudulent manipulation, we consider this risk to be a key area of audit focus.</p> | <p>Our audit addressed the risk as follows:</p> <p>In each project where such accounting is applied, we:</p> <ul style="list-style-type: none"> - tested a sample of unitary charge payments received from the customer, agreeing to invoice and evidence of cash receipt and used this to determine an expectation for total value of payments received in the year; - compared the margin applied in the current year to the margin applied in the prior year. Where there is a material movement in the margin, we sought to understand and corroborate the factors that have driven this change. This included analysing the project financial models to establish any changes in trends for expected future costs which impact the lifetime margin of the project, and investigating unusual trends in key elements of the project forecasts; - recalculated the revenue recognised by applying the margin to qualifying costs incurred in the year ended 31 December 2018; - re-performed the allocation of the unitary payment between turnover, finance debtor amortisation, finance income and where applicable the UCCA and checked that the allocated amounts had been recognised appropriately. <p>Our audit work did not identify any issues and we therefore concluded that there was no material misstatement in any of the impacted financial statement lines.</p> |
| <p><i>Risk of incorrect valuation of derivatives and application of hedge accounting</i></p> <p>The group holds financial instruments, predominantly interest rate and RPI swaps, to hedge its floating rate borrowings.</p> <p>These derivatives are held on the balance sheet and measured at fair value. Calculation of the fair value of a derivative can be complex and involves a number of assumptions, including assumptions which are forward-looking.</p> <p>The group applies hedge accounting to account for movements in the fair value of its derivatives through other comprehensive income and a hedge reserve in equity rather than through the income statement. FRS 102 requires that certain conditions are met in order to apply fully effective hedge accounting, including the matching of the derivative to the hedged item. Not all of the group's derivatives fully achieve these conditions, therefore a proportion of the movements in fair value (the portion which constitutes an ineffective hedge) remains in the income statement.</p> | <p>Our audit addressed the risk of valuation as follows, for a sample of derivatives across the group:</p> <ul style="list-style-type: none"> - We confirmed the underlying derivative details to counterparty confirmations and original contracts. - We engaged our PwC Valuations specialists to re-perform the valuation of the derivatives, using market benchmark assumptions, independent from those assumptions applied by management. - We compared the values used by management and those provided by our PwC Valuations specialists, applying a tolerable threshold to allow for a reasonable range of possible outcomes, and considered the impact of any of management's valuations which fell outside this threshold range. <p>We noted no valuations which required adjustment.</p> <p>Our audit addressed the risk associated with the application of hedge accounting as follows, for a sample of derivatives across the group:</p> |

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| <i>Key audit matter</i> | <i>How our audit addressed the key audit matter</i> |
|---|--|
| There are audit risks that managements' valuation of the derivatives is incorrect or that the proportion of the hedge which is effective is not appropriately calculated. | <ul style="list-style-type: none"> - We sought evidence from management to support their assertion that there was appropriate hedging documentation in place for each derivative. - We assessed management's evidence of whether the necessary matching criteria to achieve hedge accounting had been met for each derivative. - Where matching of the derivative to the hedged item was not fully achieved, we recalculated the proportion of the derivative which was ineffective, and compared this proportion to management's calculation of the fair value movement to be accounted for in the income statement. <p>We noted no matters which required adjustment.</p> |

We determined that there were no key audit matters applicable to the company to communicate in our report.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgment, we determined materiality for the financial statements as a whole as follows:

| | <i>Group financial statements</i> | <i>Company financial statements</i> |
|--|---|---|
| Overall materiality | £8,762,400 (2017: £7,791,150). | £7,886,160 (2017: £7,012,735). |
| How we determined it | 5% of earnings before interest, tax, depreciation and amortisation ("EBITDA") | 1% of total assets, restricted to 90% of the overall group materiality |
| Rationale for benchmark applied | EBITDA is a generally accepted performance benchmark which is commonly used by shareholders of groups with investment portfolios which are financed through debt. It is a benchmark that is closely correlated to the cash flows generated by the portfolio of investments. It is therefore considered the most appropriate benchmark for assessing materiality for the audit of the Group. | The principal operations of the Company are to operate as a holding company and to provide funding for its investments. We believe therefore that total assets is the primary measure used by the shareholders in assessing the performance and financial position of the entity, and is a generally accepted auditing benchmark. |

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £3,182 and £7,886,160. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

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We agreed with the Directors that we would report to them misstatements identified during our audit above £438,000 (Group audit) (2017: £389,000) and £394,308 (Company audit) (2017: £350,602) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- 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 group's and 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.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the group's trade, customers, suppliers and the wider economy.

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 or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

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 December 2018 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 group and company and their 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 set out on page 6, 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 group's and 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

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the directors either intend to liquidate the group or 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.

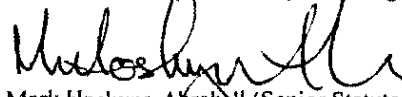
Other required reporting

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 company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Mark Hoskyns-Abraham (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh

26 September 2019.

BIIF Holdco Limited

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2018

| | Note | Year ended 31 Dec 2018 £000 | Year ended 31 Dec 2017 £000 |
|---|------|--------------------------------|--------------------------------|
| Turnover | 2 | 332,998 | 318,907 |
| Cost of sales | | <u>(246,200)</u> | <u>(233,122)</u> |
| Gross profit | | 86,798 | 85,785 |
| Operating expenses | | <u>(25,120)</u> | <u>(43,228)</u> |
| Operating profit | | 61,678 | 42,557 |
| Finance costs | 3 | | |
| - Group | | (80,089) | (84,879) |
| - Fair value gain on derivatives | | <u>27,728</u> | <u>25,502</u> |
| | | (52,361) | (59,377) |
| Share of results in joint ventures and associates | 9 | <u>33,481</u> | <u>30,846</u> |
| Profit on ordinary activities before taxation | 4 | 42,798 | 14,026 |
| Tax on profit on ordinary activities | 6 | <u>(7,890)</u> | <u>(9,840)</u> |
| Profit on ordinary activities after taxation | | 34,908 | 4,186 |
| Non-controlling interests | | <u>(1,622)</u> | <u>(2,444)</u> |
| Profit for the financial year | | <u>33,286</u> | <u>1,742</u> |
| Other comprehensive income/(expense) | | | |
| Fair value movements on cash flow hedging instruments, net of tax | | | |
| - Group | | 20,421 | 28,252 |
| - Associates and joint ventures | | <u>14,458</u> | <u>14,990</u> |
| | | 34,879 | 43,242 |
| Non-controlling interests | | <u>(309)</u> | <u>(296)</u> |
| Exchange differences on retranslation of subsidiary undertakings | | 237 | 3,395 |
| Total comprehensive income for the year | | <u>68,093</u> | <u>48,083</u> |
| Total comprehensive income/(expense) for the year attributable to: | | | |
| Non-controlling interests | | (1,931) | (2,740) |
| Owners of the parent company | | <u>70,024</u> | <u>50,823</u> |
| | | <u>68,093</u> | <u>48,083</u> |

BIIF Holdco Limited

Consolidated and Company Statements of Financial Position

As at 31 December 2018

| | Note | Group 31 Dec 2018 £000 | Group 31 Dec 2017 £000 | Company 31 Dec 2018 £000 | Company 31 Dec 2017 £000 |
|--|------|------------------------------|------------------------------|--------------------------------|--------------------------------|
| Fixed assets | | | | | |
| Tangible assets | 7 | 330,891 | 352,666 | - | - |
| Investment properties | 7 | 82,885 | 66,864 | - | - |
| Investments | 8 | - | - | 38,078 | 38,078 |
| Investments | | | | | |
| Interests in joint ventures: | 9 | | | | |
| Share of gross assets | | 1,747,968 | 1,708,147 | - | - |
| Share of gross liabilities | | (1,505,470) | (1,480,364) | - | - |
| Associates: | 9 | | | | |
| Interest in associates | | 88,758 | 87,486 | - | - |
| | | <u>331,256</u> | <u>315,269</u> | <u>-</u> | <u>-</u> |
| | | <u>745,032</u> | <u>734,799</u> | <u>38,078</u> | <u>38,078</u> |
| Current assets | | | | | |
| Debtors: due within one year | 10 | 138,183 | 129,439 | 723 | 565 |
| Debtors: due after more than one year | 11 | 1,221,497 | 1,303,065 | - | - |
| Cash in hand and at bank | | 239,260 | 236,117 | - | - |
| | | <u>1,598,940</u> | <u>1,668,621</u> | <u>723</u> | <u>565</u> |
| Creditors: amounts falling due within one year | 12 | (299,721) | (314,216) | (1,762) | - |
| Net current assets/(liabilities) | | <u>1,299,219</u> | <u>1,354,405</u> | <u>(1,039)</u> | <u>565</u> |
| Total assets less current liabilities | | <u>2,044,251</u> | <u>2,089,204</u> | <u>37,039</u> | <u>38,643</u> |
| Creditors: amounts falling due after more than one year | 13 | (1,966,169) | (2,010,483) | (38,078) | (38,078) |
| Derivative financial instruments | 14 | (483,157) | (547,315) | - | - |
| Provision for liabilities and charges | | | | | |
| Deferred taxation | 15 | (59,476) | (61,687) | - | - |
| Net assets/(liabilities) | | <u>(464,551)</u> | <u>(530,281)</u> | <u>(1,039)</u> | <u>565</u> |


BIIF Holdco Limited

Consolidated and Company Statements of Financial Position

As at 31 December 2018

| | Note | Group 31 Dec 2018 £000 | Group 31 Dec 2017 £000 | Company 31 Dec 2018 £000 | Company 31 Dec 2017 £000 |
|-------------------------------------|------|------------------------------|------------------------------|--------------------------------|--------------------------------|
| Capital and reserves | | | | | |
| Called up share capital | 16 | - | - | - | - |
| Hedging reserve | | (365,751) | (400,321) | - | - |
| Other reserves | | 24,877 | 8,473 | - | - |
| Profit and loss account | | (165,611) | (178,436) | - | - |
| At beginning of year | | - | - | 565 | - |
| (Loss)/ Profit for the year | | - | - | (1,604) | 565 |
| At end of year | | - | - | (1,039) | 565 |
| Total shareholders' (deficit) funds | | (506,485) | (570,284) | (1,039) | 565 |
| Non-controlling interests | | 41,934 | 40,003 | - | - |
| | | <u>(464,551)</u> | <u>(530,281)</u> | <u>(1,039)</u> | <u>565</u> |

These financial statements on pages 12 to 47 were approved by the Directors and authorised for issue on 26/9/19 and are signed on its behalf by:


James Dawes
Director
Company registration number: 06704550

BIIF Holdeo Limited

Consolidated Statement of Changes in Equity

For the year then ended 31 December 2018

| Group | Called up share capital £'000 | Profit and loss account £'000 | Hedging reserve £'000 | Other reserves | Non-controlling interests £'000 | Total equity £'000 |
|--|----------------------------------|-------------------------------------|--------------------------|---------------------------------|---|-----------------------|
| | | | | Revaluation reserve £'000 | Foreign exchange reserve £'000 | |
| As at 1 January 2017 | - | (178,019) | (443,267) | 5,595 | (517) | (578,945) |
| Profit for the year | - | 1,742 | - | - | - | 4,186 |
| Fair value movements on cash flow hedging instruments, net of tax | - | - | 43,242 | - | - | 43,242 |
| Non-controlling interests | - | (2,159) | (296) | - | - | (2,159) |
| Exchange differences on retranslation of subsidiary undertakings | - | - | - | - | 3,395 | 3,395 |
| Total comprehensive income for the year | - | (417) | 42,946 | - | 3,395 | 48,664 |
| As at 31 December 2017 | - | (178,436) | (400,321) | 5,595 | 2,878 | (530,281) |
| Profit for the year | - | 33,286 | - | - | - | 34,908 |
| Fair value movements on cash flow hedging instruments, net of tax | - | - | 34,879 | - | - | 34,879 |
| Non-controlling interests | - | (4,294) | (309) | - | - | (4,294) |
| Exchange differences on retranslation of subsidiary undertakings | - | - | - | - | 237 | 237 |
| Revaluation of investment property | - | (16,167) | - | 16,167 | - | - |
| Total comprehensive income for the year | - | 12,825 | 34,570 | 16,167 | 237 | 65,730 |
| As at 31 December 2018 | - | (165,611) | (365,751) | 21,762 | 3,115 | (464,551) |

BIIF Holdco Limited**Company Statement of Changes in Equity**

For the year then ended 31 December 2018

| Company | Called up share capital £'000 | Profit and loss account £'000 | Total equity £'000 |
|--|--|--|-------------------------------|
| As at 1 January 2017 | - | - | - |
| Profit for the year | - | 565 | 565 |
| Total comprehensive income for the year | - | 565 | 565 |
| As at 31 December 2017 | - | 565 | 565 |
| Loss for the year | - | (1,604) | (1,604) |
| Total comprehensive expense for the year | - | (1,604) | (1,604) |
| As at 31 December 2018 | - | (1,039) | (1,039) |

BIIF Holdco Limited
Consolidated Statement of Cash Flows
For the year ended 31 December 2018

| | | Year ended 31 Dec 2018 | Year ended 31 Dec 2017 |
|--|-------------|-----------------------------------|-----------------------------------|
| | Note | £000 | £000 |
| Net cash from operating activities | 17 | 129,155 | 125,467 |
| Taxation | | (10,788) | (1,540) |
| Net cash generated from operating activities | | 118,367 | 123,927 |
| Investing activities | | | |
| Interest received | | 95,902 | 97,369 |
| Dividends received | | 31,167 | 26,555 |
| Purchase of tangible fixed assets | | (32) | (40) |
| Proceeds from disposal of tangible fixed assets | | 353 | - |
| Net cash generated from investing activities | | 127,390 | 123,884 |
| Financing activities | | | |
| Interest paid | | (172,440) | (178,533) |
| Issue of bond | | - | 10,145 |
| Net decrease in bank borrowings and other loans | | (83,901) | (76,712) |
| Capital repayments of loan amounts issued to joint ventures and associates | | 1,587 | 8,102 |
| Loans advanced to joint ventures and associates | | - | (10,145) |
| Net movement in loan amounts due from project companies in the Group under sub participation agreement from the bank | | 12,095 | 12,871 |
| Net cash used in financing activities | | (242,659) | (234,272) |
| Increase in cash and cash equivalents | | 3,098 | 13,539 |
| Effect of exchange rates on cash and cash equivalents | | 45 | 112 |
| Cash and cash equivalents at 1 January | | 236,117 | 222,466 |
| Cash and cash equivalents at 31 December | | 239,260 | 236,117 |

BIIF Holdco Limited

Notes to the financial statements

For the year ended 31 December 2018

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.

Statement of compliance

BIIF Holdco Limited is a limited liability company incorporated in England. The Registered Office is Cannon Place, 78 Cannon Street London EC4N 6AF.

The Group's financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the Group for the year ended 31 December 2018.

Basis of preparation

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. The financial statements are prepared in sterling which is the functional currency of the Group and rounded to the nearest £'000.

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

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.

Going concern – Company

The Directors acknowledge that the Company has net current liabilities, and have confirmed that the loan due to its immediate parent company will not be required to be repaid twelve months from the date of signing the accounts. On a cash basis the Company has income receipts sufficient to cover the liabilities due. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Method of consolidation – subsidiaries

On acquisition of a business, all the business' 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 twelve 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 statement of comprehensive income. 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. 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.

BIIF Holdco Limited

Notes to the financial statements

For the year ended 31 December 2018

Accounting policies (continued)

Method of consolidation – associates and joint ventures

Investments in associates and joint ventures are consolidated using the equity method. 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.

Judgments and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported. These estimates and judgments are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant judgments

The judgments (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

i) Revaluation of investment properties

The Group carries its investment property at fair value, with changes in fair value being recognised in the Statement of Comprehensive Income. 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 statement of comprehensive income. The Group engaged independent valuation specialists to determine fair value at 30 April 2017 (residential property) and 31 January 2019 (commercial property). The valuer used a valuation technique based on a discounted cash flow model as there is a lack of comparable market data because of the nature of the property. The determined fair value of the investment property is most sensitive to the estimated yield as well as the long term vacancy rate. The key assumptions used to determine the fair value of investment property are further explained in note 7.

ii) Deferred taxation

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Judgments are required to be made as to the calculation and identification of timing differences and in the case of the recognition of deferred taxation assets, the Directors have to form an opinion as to whether it is probable that the deferred taxation asset recognised is recoverable against future taxable profits arising. This exercise of judgment requires the Directors to consider forecast information over a long-time horizon having regard to the risks that the forecasts may not be achieved and then form a reasonable opinion as to the recoverability of the deferred taxation asset.

BIIF Holdco Limited

Notes to the financial statements

For the year ended 31 December 2018

Accounting policies (continued)

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

i) Impairment of assets

The carrying value of those assets recorded on the Group's statement of financial position at amortised cost could be materially reduced if the value of those assets were assessed to have been impaired. Impairment reviews are performed in the event that circumstances change which might indicate that an asset has been impaired. In principle, such impairment reviews consider the fair value and or value in use of the potentially impaired asset or assets and compares that with the carrying value of the asset or assets on the statement of financial position. Any reduction in value arising from such a review would be recorded in the income statement. Impairment reviews involve the significant use of assumptions. Consideration has to be given as to the price that could be obtained for the asset or assets, or in relation to a consideration of value in use, estimates of the future cash flows that could be generated by the potentially impaired asset or assets, together with a consideration of an appropriate discount rate to apply to those cash flows.

ii) Accounting for service concession agreements

Accounting for the service concession contracts and finance debtors requires estimation of service margins, finance debtor interest rates and associated amortisation profiles which are based on forecast results of the contracts.

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end. The Directors periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

BIIF Holdco Limited

Notes to the financial statements

For the year ended 31 December 2018

Accounting policies (continued)

Turnover

Turnover represents the services share of the management services income received by the Group for the provision of a PFI asset to the customer. This income is received over the life of the concession period. Management service income is allocated between revenue 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.

Interest income

Interest income is recognised as interest accrues using the effective interest method.

Dividends

Dividends are recognised as income when the Group's right to receive payment is established.

Foreign currencies

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The assets and liabilities of overseas subsidiary undertakings are translated into the presentational currency at the rate of exchange ruling at the statement of financial position date. Income and expenses for each statement of comprehensive income are translated at exchange rates at the dates of transaction. All resulting exchange differences are recognised in other comprehensive income.

Accounting for PFI assets

The Group has taken the transition exemption in FRS 102 Section 35.10(i) that allows the Group to continue the service concession arrangement accounting policies from previous UK GAAP.

i. Finance debtor

The Group is accounting for the concession asset based on the ability to substantially transfer all the risks and rewards of ownership to the customer, with this arrangement the costs incurred by the Group on the design and construction of the assets have been treated as a finance debtor within these financial statements.

ii. Tangible fixed assets

The Group is accounting for the concession asset based on the inability to substantially transfer all the risks and rewards of ownership to the customer, with this arrangement the costs incurred by the Group on the design and construction of the assets have been treated as a fixed asset within these financial statements.

iii. Investment properties

Investment properties are accounted for in accordance with FRS 102 Section 16 'Investment Property'. Investment properties are revalued every two to three years by an external qualified and registered property valuer and every other year the Directors assess the carrying value in light of any changes in market conditions. The aggregate surplus or deficit is charged to the income statement; and no amortisation is provided in respect of long leasehold investment properties.

Depreciation

On completion (date on which an availability certificate is issued), depreciation is charged on buildings on a straight line basis to the income statement 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 |
| | short life assets 3-4 years straight line and 12.5% - 33% reducing balance |

BIIF Holdco Limited

Notes to the financial statements

For the year ended 31 December 2018

Accounting policies (continued)

Impairment

All assets, including financial assets, are reviewed for impairment annually at the reporting date. 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 income statement 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 accounted for using the accrual model. These are initially treated as deferred income and subsequently released to the income statement on a straight line basis over the asset's useful economic life. Other grants are recognised in the income statement when any associated performance conditions are met.

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. These are accounted for using the accrual model and released to the income statement on a straight line basis over the life of the related asset.

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 income statement 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 102 section 22.

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Other financial instruments are subsequently measured at fair value, with any changes recognised in the income statement, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in the income statement immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

BIIF Holdco Limited

Notes to the financial statements

For the year ended 31 December 2018

Accounting policies (continued)

Hedge accounting

Some entities in the Group have entered into an arrangement with third parties that is designed to hedge future cash flows arising on variable rate interest loan arrangements, with the net effect of exchanging the cash flows arising under those arrangements for a stream of fixed interest cash flows ("interest rate swaps"). Some entities have also entered into an arrangement with third parties that is designed to hedge future cash receipts arising from its principal activity (RPI swaps). These entities have designated that these arrangements are a hedge of another (non-derivative) financial instrument, to mitigate the impact of potential volatility on the Group's net cash flows.

To qualify for hedge accounting, documentation is prepared specifying the hedging strategy, the component transactions and methodology used for effectiveness measurement. Changes in the carrying value of financial instruments that are designated and effective as hedges of future cash flows ("cash flow hedges") are recognised directly in a hedging reserve in equity and any ineffective portion is recognised immediately in the income statement. Amounts deferred in equity in respect of cash flow hedges are subsequently recognised in the income statement in the same period in which the hedged item affects net profit or loss or the hedging relationship is terminated and the underlying position being hedged has been extinguished.

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.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

Company

Disclosure exemptions

The Company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) No cash flow statement has been presented for the Company.
- (b) The Company has taken advantage of the exemption in section 33 of FRS 102 'Related Party Disclosures', that allows it not to disclose transactions with wholly owned members of a group.

2. Turnover

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

| | 31 Dec 2018 £000 | 31 Dec 2017 £000 |
|----------------------|---------------------|---------------------|
| United Kingdom | 325,148 | 310,910 |
| Other European Union | 7,850 | 7,997 |
| Total revenue | <u>332,998</u> | <u>318,907</u> |

BIIF Holdco Limited
Notes to the financial statements
For the year ended 31 December 2018

3. **Interest and similar items**

| | 31 Dec 2018 £000 | 31 Dec 2017 £000 |
|---|---------------------|---------------------|
| Interest payable | | |
| Interest payable on bank loans and overdrafts | (75,302) | (82,188) |
| Interest payable on Eurobond | (50,241) | (49,320) |
| Interest on long term bond | (10,004) | (11,727) |
| Total interest payable and similar items | (135,547) | (143,235) |
| Interest receivable | | |
| Bank interest receivable | 918 | 429 |
| Other interest receivable | 6,878 | 7,435 |
| Finance debtor interest receivable | 47,662 | 50,492 |
| Total interest receivable | 55,458 | 58,356 |
| Net interest payable and similar items | (80,089) | (84,879) |

4. **Profit on ordinary activities before taxation**

| | 31 Dec 2018 £000 | 31 Dec 2017 £000 |
|---|---------------------|---------------------|
| Profit on ordinary activities before taxation is stated after charging: | | |
| Depreciation of tangible fixed assets | 22,140 | 21,761 |
| Amortisation of fair value adjustments | 30,221 | 30,221 |
| Gain on disposal of investment properties | 103 | - |
| Gain on revaluation of investment properties | 16,269 | - |
| Wages and salaries | 5,923 | 5,720 |
| Social security costs | 677 | 647 |
| Other pension costs | 575 | 441 |
| Fees payable to the Company auditor for the audit of the parent company, subsidiary companies and consolidated accounts (parent company: 2018: £4K 2017: £4K) | 802 | 749 |
| Fees payable to the company auditor for other services | | |
| - Audit-related services | 5 | 11 |
| - Tax compliance and advisory services | 133 | 268 |

Within the Group, the number of monthly average employees in the financial year other than the Directors was 83 (2017: 83).

None of the Directors of the Company received any remuneration from the Group during the year (2017: £nil). Attention is drawn to the payments made to certain Directors of subsidiary undertakings disclosed in note 19.

5. **Results of holding company**

A Company loss of £1,604K (2017: profit £565K) is dealt with by the group 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 Statement of Comprehensive Income for the Company.

BIIF Holdco Limited

Notes to the financial statements

For the year ended 31 December 2018

6. Taxation

| | 31 Dec 2018 £000 | 31 Dec 2017 £000 |
|--|---------------------|---------------------|
| Current tax | | |
| UK corporation tax on profit for the year | 11,818 | 4,148 |
| Adjustments in respect of prior periods for subsidiary companies | (4,272) | 3,071 |
| Tax on profit on ordinary activities | 7,546 | 7,219 |
| Deferred tax | | |
| Origination and reversal of timing differences | 443 | 2,552 |
| Adjustments in respect of prior periods for subsidiary companies | 28 | 96 |
| Impact of change in tax rate | (127) | (27) |
| Total deferred tax credit | 344 | 2,621 |
| Tax on profit on ordinary activities | 7,890 | 9,840 |

The tax assessed for the year is higher than (2017: higher than) the standard rate applying in the UK (19.00%) (2017: 19.25%). The differences are explained below:

| | 31 Dec 2018 £000 | 31 Dec 2017 £000 |
|--|---------------------|---------------------|
| Group profit on ordinary activities before tax | 42,798 | 14,026 |
| Profit on ordinary activities at the UK tax rate 19.00% (2017: 19.25%) | 8,132 | 2,700 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 1,361 | 765 |
| Losses utilised | (1,647) | 1,328 |
| Adjustment in respect of prior year tax charge | (4,244) | 3,167 |
| Non-trading transfer pricing adjustment | 4,394 | 4,630 |
| Group relief not paid | 21 | (2,724) |
| Effect of rate change | (127) | (26) |
| Tax on profit on ordinary activities | 7,890 | 9,840 |

BIIF Holdco Limited
Notes to the financial statements
For the year ended 31 December 2018

7. Tangible fixed assets - Group

| | Buildings £000 | Equipment £000 | Total £000 |
|---|---------------------------|---------------------------|-----------------------|
| Cost or valuation | | | |
| As at 1 January 2018 | 435,391 | 131,628 | 567,019 |
| Additions | - | 32 | 32 |
| Disposals | - | (172) | (172) |
| Foreign exchange translation adjustment | - | 714 | 714 |
| As at 31 December 2018 | 435,391 | 132,202 | 567,593 |
| Depreciation | | | |
| As at 1 January 2018 | 152,304 | 62,049 | 214,353 |
| Charge for the period | 15,715 | 6,425 | 22,140 |
| Disposals | - | - | - |
| Foreign exchange translation adjustment | - | 209 | 209 |
| As at 31 December 2018 | 168,019 | 68,683 | 236,702 |
| Net book value | | | |
| As at 31 December 2018 | 267,372 | 63,519 | 330,891 |
| As at 31 December 2017 | 283,087 | 69,579 | 352,666 |

Interest charged to the income statement included within the depreciation charge is £578K (2017: £578K).

Interest capitalised to date, included in cost, totals £23,175K (2017: £23,701K).

Company

The Company had no fixed assets at 31 December 2018 (2017: none).

| Investment properties - Group | Land & Buildings £000 |
|--------------------------------------|--|
| Cost or valuation | |
| As at 1 January 2018 | 66,864 |
| Disposals | (248) |
| Revaluation | 16,269 |
| As at 31 December 2018 | 82,885 |

The Group holds residential and commercial investment properties.

The residential investment properties were revalued in December 2018. The basis of valuation was to compare recent home report valuations, which were carried out by qualified Chartered Surveyors, to the previous valuation report prepared by Cushman and Wakefield in April 2017. The Directors are satisfied this represents an accurate carrying value against current market conditions. When assessing the valuation the following assumptions have been made:

- A) Market Value increased by 8% since the previous valuation in 2017
- B) Average property value of £249,000.

BIIF Holdco Limited **Notes to the financial statements** For the year ended 31 December 2018

Investment properties – Group (continued)

The commercial investment property was revalued using a market approach on a vacant possession basis in January 2019 by David Ingham a member of the Royal Institution of Chartered Surveyors on behalf of CBRE. The valuation has been recognised in the financial statements to 31 December 2018. When carrying out the valuation the following assumptions have been made:

- A) An equivalent yield of 6.05%
- B) A reversionary yield of 6.87%
- C) Capital value of £3,330.20 per sq m (£306.60 per sq ft)

Company

The Company had no investment properties at 31 December 2018 (2017: none).

8. Investments

The Group had no fixed asset investments at 31 December 2018 (2017: none)

Company

Investments

| | Total £000 |
|---|-----------------------|
| Cost | |
| As at 1 January 2018 | 38,078 |
| Additions | - |
| As at 31 December 2018 | <u>38,078</u> |
| Impairment | |
| As at 1 January 2018 and 31 December 2018 | <u>-</u> |
| Carrying amount | |
| As at 31 December 2018 | <u>38,078</u> |
| As at 31 December 2017 | <u>38,078</u> |

Subsidiaries, associates and other investments

The Company owns 100% of the issued share capital of BIIF Holdco II Limited. The investment is held at cost £38,078k (2017: £38,078k).

The Company also owns 100% of the issued share capital of BIIF Issuerco Limited. The investment is held at cost £1 (2017: £1).

BIIF Holdco Limited
Notes to the financial statements
For the year ended 31 December 2018

9. Investments – Group

Interests in joint ventures and associates

| | Joint ventures £000 | Associates £000 | Loans to joint ventures £000 | Loans to associates £000 | Total £000 |
|-------------------------------|---------------------------|--------------------|---------------------------------------|--------------------------------|----------------|
| Cost or valuation | | | | | |
| As at 1 January 2018 | 71,240 | 68,212 | 156,543 | 19,274 | 315,269 |
| Additions | - | - | 636 | - | 636 |
| Share of retained profits | 24,900 | 8,581 | - | - | 33,481 |
| Dividends receivable | (22,485) | (8,682) | - | - | (31,167) |
| Movement on hedge reserve | 12,679 | 1,779 | - | - | 14,458 |
| Foreign exchange movement | 26 | (15) | 155 | - | 166 |
| Repayment of loan | - | - | (1,196) | (391) | (1,587) |
| As at 31 December 2018 | 86,360 | 69,875 | 156,138 | 18,883 | 331,256 |

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

| | Share of Revenue £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 2018 | | | | | | |
| Joint ventures | 144,021 | 1,531,389 | 216,579 | 1,405,557 | 99,913 | 242,498 |
| Associates | 58,173 | 276,389 | 89,493 | 229,551 | 47,573 | 88,758 |
| 31 December 2017 | | | | | | |
| Joint ventures | 152,138 | 1,510,634 | 197,513 | 1,391,721 | 88,643 | 227,783 |
| Associates | 57,030 | 297,448 | 89,009 | 253,596 | 45,375 | 87,486 |

Investments in Group undertakings are stated at amortised cost and are listed in note 23 and 24. The Directors consider that to give full particulars of all subsidiaries would lead to a statement of excessive length.

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 2018

10. Debtors: amounts falling due within one year

| | Group 31 Dec 2018 £000 | Group 31 Dec 2017 £000 | Company 31 Dec 2018 £000 | Company 31 Dec 2017 £000 |
|---|------------------------------|------------------------------|--------------------------------|--------------------------------|
| Trade debtors | 15,710 | 14,802 | - | - |
| Finance debtor | 44,252 | 44,265 | - | - |
| Sub participation amounts due (note 11) | 12,827 | 12,286 | - | - |
| Prepayments and accrued income | 45,359 | 39,593 | - | - |
| Other debtors | 20,035 | 18,493 | 723 | 565 |
| | <u>138,183</u> | <u>129,439</u> | <u>723</u> | <u>565</u> |

Refer to note 22 for further information in relation to credit risk exposure in the Group.

11. Debtors: amounts falling due after one year

| | Group 31 Dec 2018 £000 | Group 31 Dec 2017 £000 | Company 31 Dec 2018 £000 | Company 31 Dec 2017 £000 |
|----------------------------------|------------------------------|------------------------------|--------------------------------|--------------------------------|
| Sub participation amounts due | 170,693 | 183,329 | - | - |
| Finance debtor | 949,857 | 999,477 | - | - |
| Derivative financial instruments | 45,806 | 57,632 | - | - |
| Deferred tax asset (note 15) | 55,141 | 62,627 | - | - |
| | <u>1,221,497</u> | <u>1,303,065</u> | <u>-</u> | <u>-</u> |

Sub participation amounts due represents debt due from the bank, arising from a sub-participation agreement between the bank and a subsidiary company (PFI Senior Funding Limited) dated 28 July 2011. 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.

12. Creditors: amounts falling due within one year

| | Group 31 Dec 2018 £000 | Group 31 Dec 2017 £000 | Company 31 Dec 2018 £000 | Company 31 Dec 2017 £000 |
|--|------------------------------|------------------------------|--------------------------------|--------------------------------|
| Trade creditors | 18,256 | 10,909 | - | - |
| Other creditors | 17,011 | 16,755 | - | - |
| Accruals | 106,568 | 96,347 | - | - |
| Corporation tax | 5,756 | 8,949 | - | - |
| Other taxes and social security costs | 6,963 | 7,012 | - | - |
| Bank loans and overdrafts (note 13(a)) | 133,271 | 164,873 | - | - |
| Guaranteed secured bonds (note 13(c)) | 6,402 | 5,746 | - | - |
| Other loans (note 13(d)) | 2,167 | 1,570 | - | - |
| Deferred income (note 13(g)) | 3,327 | 2,055 | - | - |
| Amounts due to subsidiary undertaking (note 13(h)) | - | - | 1,762 | - |
| | <u>299,721</u> | <u>314,216</u> | <u>1,762</u> | <u>-</u> |

BIIF Holdco Limited

Notes to the financial statements

For the year ended 31 December 2018

13. Creditors: amounts falling due after one year

| | Group 31 Dec 2018 £000 | Group 31 Dec 2017 £000 | Company 31 Dec 2018 £000 | Company 31 Dec 2017 £000 |
|--|------------------------------|------------------------------|--------------------------------|--------------------------------|
| Bank loans and overdrafts (note 13(a)) | 1,139,266 | 1,169,855 | - | - |
| Eurobond (note 13(b)) | 628,020 | 628,020 | 38,078 | 38,078 |
| Guaranteed secured bonds (note 13(c)) | 130,456 | 136,743 | - | - |
| Zero Coupon Bond (note 13(d)) | 5,035 | 4,567 | - | - |
| Other loans (note 13(e)) | 6,056 | 8,476 | - | - |
| Other creditors (note 13(f)) | 12,957 | 13,182 | - | - |
| Deferred income (note 13(g)) | 44,379 | 49,640 | - | - |
| | <u>1,966,169</u> | <u>2,010,483</u> | <u>38,078</u> | <u>38,078</u> |

The repayment of bank and other loans is due as follows:

| Group | 31 Dec 2018 £000 | 31 Dec 2017 £000 |
|--------------------------|---------------------|---------------------|
| Due within one year | 135,438 | 166,443 |
| Due in two to five years | 205,265 | 190,398 |
| Due in over five years | 940,057 | 987,933 |
| | <u>1,280,760</u> | <u>1,344,774</u> |

Company

The Company did not have any bank or other loans at 31 December 2018 (2017: none).

Group

(a) Bank loans

The total amount drawn down under bank loans at the year-end was £1,298,439K (2017: £1,363,243K). Costs of £25,901K (2017: £28,515K) have been set off against the total loan drawdowns, with £3,468K (2017: £2,631K) of these debited to the income statement in the year.

An amount of £772,549K (2017: £815,800K) relates to two senior banking facilities. The first facility of £284,900K (2017: £291,304K) relates to the finance of 18 PFI projects and it expires on 30 September 2035. The Group has entered into interest rate swap arrangements and under these arrangements the Group receives interest on a variable basis and pays interest at a fixed rate of 8.55%. The facilities are secured against the cash flows from the Group's equity and loan investments. The second facility is split into two parts Facility A £445,674K (2017: £476,521K) which expires on 31 December 2025, and Facility B £41,975K (2017: £47,975K) which is scheduled to be fully repaid by 31 December 2035. The loan facilities have principal payments due on a six-monthly basis. The Group has interest rate swap arrangements and under these arrangements the Group receives interest on a variable basis and also pays interest at 7.008%. Facility B has a fixed lending rate of 4.182%. The facilities are secured against the cash flows from the Group's equity and loan investments.

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%.

BIIF Holdco Limited

Notes to the financial statements

For the year ended 31 December 2018

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

(b) Eurobond

A subsidiary in the Group has issued a Eurobond, listed on the Channel Islands Securities Exchange, totalling £589,942K (2017: £589,942K) 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 31 December 2045.

The Company has issued a Eurobond, listed on the Channel Islands Securities Exchange totalling £38,078K (2017: £38,078K) 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 31 December 2045.

(c) Secured bonds

A subsidiary has issued, at par value, £83,422K (2017: £87,190K) 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 2018 amounted to 73.06% (2017: 60.71%).

A subsidiary has issued £53,436K (2017: £79,314K) 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 2018 £000 | 31 Dec 2017 £000 |
|--|---------------------|---------------------|
| Amounts repayable in one year or less or on demand | 6,483 | 5,827 |
| Amounts falling due within one to five years | 31,313 | 31,383 |
| Amounts falling due after five years | 732,967 | 738,795 |
| | <u>770,763</u> | <u>776,005</u> |
| Unamortised finance costs associated with the bond issue | (849) | (929) |
| | <u>769,914</u> | <u>775,076</u> |
| Included within creditors: amounts falling due within one year | (6,402) | (5,746) |
| Amounts falling due after one year | <u>763,512</u> | <u>769,330</u> |

(d) Zero coupon bond

A subsidiary company has issued a zero coupon bond with a redemption value of £8,000K (2017: £8,000K) on 3 October 2022. This bond was issued at a discount value of £633K which is amortised to maturity at a constant rate on the carrying amount of the debt.

(e) Other loans (all unsecured)

A subsidiary in the Group has issued loan notes totalling £1,192K (2017: £1,073K) which bear interest at 13.5%. Of this balance, £905K (2017: £785K) 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 £52K (2017: £46K) 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 income statement 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.

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Notes to the financial statements
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13. Creditors: amounts falling due after one year (continued)

The same subsidiary also issued a £146K (2017: £140K) 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 £267K (2017: £267K) 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 £736K (2017: £1,340K) due 2037, bearing interest at 13.04%.

A subsidiary in the Group has issued loan stock with a value of £283K (2017: £413K). The loan stock bears interest at 14% per annum and is repayable in semi-annual instalments with the final payment due on 31 August 2019.

A subsidiary in the Group has issued loan stock with a value of £715K (2017: £715K) bearing interest at 13% per annum. Of this balance, £64K (2017: £64K) represents unpaid interest on the loan notes and is due for payment within twelve months. The principal is repayable in full in February 2036.

A subsidiary in the Group has issued loan stock with a value of £453K (2017: £927K) 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 £4,070K (2017: £4,717K). 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 stock with a value of £309K (2017: £407K). The loan stock bears interest at 8.5%.

(f) Other creditors

Included in other creditors is a decommissioning provision of £505K (2017: £459K) which provides for the future costs of decommissioning a wind farm. The provision has been discounted at an annual rate of 1% and this discount is charged to the statement of comprehensive income until 2027, the estimated date of decommissioning.

BIIF Holdco Limited

Notes to the financial statements

For the year ended 31 December 2018

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

(g) Deferred income

| Group | 31 Dec 2018 £000 | 31 Dec 2017 £000 |
|---|---------------------|---------------------|
| As at 1 January | 51,695 | 54,369 |
| Amortised during the period | (3,657) | (2,089) |
| Foreign exchange translation adjustment | (332) | (585) |
| As at 31 December | <u>47,706</u> | <u>51,695</u> |

Deferred income is divided as follows:

- In 14 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, Connect A50 Limited, Infrastructure Investors Castlehill Limited, Blackshaw Healthcare Services Limited and Adams Campus 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 2018 was £23,557K (2017: £25,513K).
- £8,838K (2017: £9,331K) in respect of funding grants which will be amortised over the lifetime of the PFI concession contract.
- £4,504K (2017: £4,844K) received following the arrangement of an RPI SWAP which will be amortised over the lifetime of the contract.
- £10,807K (2017: £12,007K) in respect of asset renewal underspend.

Of the balance at the year-end, it is expected that £3,327K (2017: £12,862K) will be realised within 12 months and £44,379K (2017: £38,833K) will be realised after 12 months.

(h) Amounts due to subsidiary undertaking

The amount due to subsidiary undertaking is a trading balance, is non-interest bearing and repayable on demand.

14. Derivative financial instruments

| | Group 31 Dec 2018 £000 | Group 31 Dec 2017 £000 | Company 31 Dec 2018 £000 | Company 31 Dec 2017 £000 |
|---------------------|------------------------------|------------------------------|--------------------------------|--------------------------------|
| Liabilities | | | | |
| Interest rate swaps | 373,016 | 438,024 | - | - |
| RPI swaps | 110,141 | 109,291 | - | - |
| | <u>483,157</u> | <u>547,315</u> | <u>-</u> | <u>-</u> |

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15. **Deferred taxation**

| | 31 Dec 2018 £000 | 31 Dec 2017 £000 |
|---|---------------------|---------------------|
| Group | | |
| As at 1 January | 940 | 7,439 |
| Prior year adjustment | (604) | (1) |
| Revised balance as at 1 January | <u>336</u> | <u>7,438</u> |
| Movement through other comprehensive income | (4,327) | (3,877) |
| Deferred tax charge/(credit) for the year | (344) | (2,621) |
| As at 31 December | <u>(4,335)</u> | <u>940</u> |
| Analysis of deferred tax balances: | | |
| Accelerated capital allowances | (65,699) | (66,223) |
| Derivatives | 55,613 | 48,951 |
| Other timing differences | (7,372) | 7,558 |
| Losses | 13,123 | 10,654 |
| | <u>(4,335)</u> | <u>940</u> |
| Deferred tax asset | 55,141 | 62,627 |
| Deferred tax liability | (59,476) | (61,687) |
| | <u>(4,335)</u> | <u>940</u> |

The Group has an un-provided deferred tax asset of £16,923K (2017: £18,543K). The deferred tax asset arises on unrelieved losses within certain Group companies. This asset would be recoverable if the Group companies made sufficient taxable profits in future periods against which the losses could be offset.

16. **Called up share capital**

| | 31 Dec 2018 £ | 31 Dec 2017 £ |
|---|------------------|------------------|
| Group and Company | | |
| Authorised | | |
| 100 Ordinary shares of £1 each | <u>100</u> | <u>100</u> |
| Issued, called up and fully paid | | |
| 1 Ordinary share of £1 each | <u>1</u> | <u>1</u> |

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17. Net cash flow from operating activities

| Reconciliation of profit to net cash (outflow)/inflow from operating activities | 31 Dec 2018 £000 | 31 Dec 2017 £000 |
|---|---------------------|---------------------|
| Operating profit | 61,678 | 42,557 |
| Revaluation of investment property | (16,269) | - |
| Impairment of investments | - | 1 |
| Gain on sale of the investment property | (104) | - |
| Depreciation charge | 22,140 | 21,761 |
| Amortisation of fair value adjustments | 15,787 | 15,787 |
| Amortisation of deferred income | (3,989) | (2,674) |
| Foreign exchange | (671) | (1,912) |
| Decrease in debtors | 30,792 | 51,876 |
| Increase/(Decrease) in creditors | 19,791 | (1,929) |
| Net cash inflow from operating activities | <u>129,155</u> | <u>125,467</u> |

18. Reconciliation of cash and cash equivalents

Cash and cash equivalents comprise the following:

| | 1 Jan 2018 £000 | Cash flow £000 | Non- cash movements £000 | 31 Dec 2018 £000 |
|---|--------------------|-------------------|--------------------------------|---------------------|
| Cash in hand and at bank | <u>236,117</u> | <u>3,143</u> | <u>-</u> | <u>239,260</u> |
| Debt payable: within one year | (172,189) | 30,349 | - | (141,840) |
| Debt payable: after one year | (1,960,843) | 53,552 | (14,498) | (1,921,789) |
| | <u>(2,133,032)</u> | <u>83,901</u> | <u>(14,498)</u> | <u>(2,063,629)</u> |
| Loan payments: receivable within one year | 12,286 | 541 | - | 12,827 |
| Loan payments: receivable after one year | 183,329 | (12,636) | - | 170,693 |
| | <u>195,615</u> | <u>(12,095)</u> | <u>-</u> | <u>183,520</u> |
| Total | <u>(1,701,300)</u> | <u>74,949</u> | <u>(14,498)</u> | <u>(1,640,849)</u> |

The non-cash movements are in respect of effective interest rate charges and fair value movements of derivative financial instruments.

19. Related party transactions

The Group paid £44K (2017: £43K) 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 2018, £nil (2017: £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 (2017: £nil). At 31 December 2018, £9K (2017: £9K) 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 £1,442K (2017: £1,394K). At 31 December 2018, £nil (2017: £nil) remained outstanding.

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19. Related party transactions (continued)

A director of Innovate East Lothian Limited during the period is also a director of FES Limited. FES Limited is the holder of loan notes issued by Innovate East Lothian Limited totalling £413K (2017: £407K) and loan notes issued by Innovate East Lothian (Holdings) Limited totalling £52K (2017: £46K).

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 £1,540K (2017: £3,410K) by Babcock Communications Limited in connection with operation and maintenance fees. At 31 December 2018, £363K (2017: £691K) remained outstanding.

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 £12,928K (2017: £16,331K). At 31 December 2018, £3,147K (2017: £1,998K) 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 £309K (2017: £231K). At 31 December 2018, £25K (2017: £nil) 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 £5,390K (2017: £5,940K). At 31 December 2018, £433K (2017: £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 £523K (2017: £729K) by Heuliez Bus for these services. At 31 December 2018, £59K (2017: £300K) remained outstanding.

The Group has subcontracted the design, build, operation and maintenance of Helios B to Engie Group, a company which holds a minority interest in Helios B. Engie Group also receives a reimbursement of the costs of a corporate guarantee. During the year Helios B was invoiced £2,597K (2017: £2,560K) by Engie Group in connection with these services. At 31 December 2018 £446K (2017: £37K) remained outstanding.

20. 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.

21. Pension

A subsidiary of the Group operates a defined contribution pension scheme for its employees. The amount recognised as an expense in the statement of comprehensive income was:

| | 31 Dec 2018 £000 | 31 Dec 2017 £000 |
|----------------------------|---------------------|---------------------|
| Current year contributions | <u>575</u> | <u>441</u> |

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22. Financial instruments

(a) Carrying amount of financial instruments

| | 31 Dec 2018 | 31 Dec 2017 |
|--|---------------------------|---------------------------|
| | £000 | £000 |
| Assets measured at amortised cost | 1,325,000 | 1,396,408 |
| Assets measured at cost less impairment | 331,256 | 315,269 |
| Assets measured at fair value | 45,806 | 57,632 |
| Liabilities measured at fair value through profit and loss | (483,157) | (547,315) |
| Liabilities measured as amortised cost | <u>(2,050,674)</u> | <u>(2,119,850)</u> |

(b) Financial instruments measured at fair value

Derivative financial instruments

The fair value of interest rate swaps is based on valuations provided by the swap counterparties. Those valuations are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

The interest rates used to discount estimated cash flows, where applicable are based on market interest rates.

The fair value of RPI swaps is based on valuations provided by the swap counterparties. Those valuations are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market forecast inflation rates.

The amount of change in fair value attributable to own credit risk cannot be measured reliably.

The derivative contracts used by the Group are typical for PFI projects. Where projects are debt-funding, interest on the loan is calculated by reference to a floating rate. Interest rate swaps hedge Libor fluctuations and mitigate the risk that debt interest costs will fluctuate as Libor fluctuates. The full amount of the senior debt service payment is hedged in this way.

RPI swaps are used to hedge fluctuations in the inflation index which is relevant for the project. Low inflation would otherwise cause a shortfall in cash with which to make senior debt service payments. RPI swaps are structured in such a way to ensure that any volatility in cash flow for senior debt service that could arise due to inflation fluctuations is effectively neutralized.

Interest rate swaps and RPI swaps, where used, are conditions imposed on the PFI project company by the senior debt provider to ensure stability in cash flows.

(c) Hedge accounting

The following table indicates the periods in which the cash flows associated with cash flow hedging instruments are expected to occur and affect profit and loss as required by FRS 102.29(a) for the cash flow hedge accounting models:

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22. Financial instruments (continued)

| | Carrying amount £000 | Expected cash flows £000 | 1 year or less £000 | 1 year or more £000 |
|--|----------------------------|--------------------------------|------------------------|------------------------|
| Period ended 31 December 2018 | | | | |
| Interest rate swaps: | | | | |
| Assets | 45,806 | 45,806 | - | 45,806 |
| Liabilities | (373,016) | (373,016) | (39,446) | (333,570) |
| RPI swaps: | | | | |
| Liabilities | (110,141) | (110,141) | (11,647) | (98,494) |
| Period ended 31 December 2017 | | | | |
| Interest rate swaps: | | | | |
| Assets | 57,632 | 57,632 | - | 57,632 |
| Liabilities | (438,024) | (438,024) | (54,214) | (383,810) |
| RPI swaps: | | | | |
| Liabilities | (109,291) | (109,291) | (13,527) | (95,764) |

The Group applies hedge accounting in accordance with FRS102.12.

Interest rate swaps are used as a hedging instrument against a floating rate loans as the hedged item. RPI swaps are used as a hedging instrument against that portion of unitary payment receipts which are required to make periodic senior debt service payments.

Fair value of these hedging instruments are reported in note 22(d). The amount of the change in fair value of the hedging instruments recognised in other comprehensive income for the period and the amount that was recycled to profit or loss for the year are shown in the statement of consolidated other comprehensive income.

(d) Fair values

The amounts for all financial assets and financial liabilities carried at fair value are as follows:

| | Fair value 31 Dec 2018 £000 | Fair value 31 Dec 2017 £000 |
|------------------------------|-----------------------------------|-----------------------------------|
| Interest rate swap contracts | (327,210) | (380,392) |
| RPI swap contracts | (110,141) | (109,291) |

During 2018, a hedging gain of £20,421K (2017: £28,252K) was recognised in other comprehensive income for changes in the fair value of the interest rate swap together with a gain of £27,728K (2017: £25,502K) recognised in the profit and loss for the financial year.

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23. Investments in Subsidiaries

The companies listed below are wholly owned subsidiaries of the Company and all investments are in ordinary shares:

Registered Office -Cannon Place, 78 Cannon Street, London, EC4N 6AF

A-Roads Investments Limited
 Adams Campus Limited
 AM Holdco Limited
 Anavon Holdings Limited
 Anavon Limited
 BIIF Bidco Limited
 Blackshaw Healthcare Services Holdings Limited
 Blackshaw Healthcare Services Ltd
 BIIF Holdco II Limited
 BIIF Holdco III Limited
 BIIF IssuerCo Limited
 BIIF Parentco Limited
 CH Bolton Limited
 CH Holton (Holdings) Limited
 Cricketdrift Limited
 Defence Management Group (Holdings) Limited
 Defence Management (Holdings) Limited
 Defence Management (Watchfield) Limited
 Duchesspark Holdings Limited
 Duchesspark Limited
 Durham Investments Holdco Limited
 Eastbrook Facilities Holdings 2 Limited
 Eastbrook Facilities Holdings Limited
 Eastbrook Facilities Limited
 Elbon Holdings (1) Limited
 Elbon Holdings (2) Limited
 Elbon Holdings (3) Limited
 Elbon PFI Fund (Investments) Limited
 ERI Holdings Limited
 Grannag Limited
 GH Bodmin Holdings Limited
 GH Bodmin Limited
 GH Bury Holdings Limited
 GH Bury Limited
 GH Newham Holdings Limited
 GH Newham Limited
 HSC Investments Limited
 I2 Bidco Limited
 I2 Holdco 2 Limited
 I2 Holdco Limited
 Infrastructure Investors Castlehill Holdings Limited
 Infrastructure Investors Castlehill Limited
 Infrastructure Investors Limited - dormant
 International Water (Highland) Limited
 International Water (Tay) Limited
 Investment Holdings (Genistics) Limited
 IWL Moray Montrose Limited
 IWUJHH Limited
 Kilmarnock PFI Holdings Limited

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23. Investments in Subsidiaries (*continued*)

Kilmarnock Prison Services Limited
Kinnoull House Holdings Limited
Kintra Limited
Lanterndew Limited
Lowdham Grange Prison Services Limited
Luton Health Facilities (Holdings) Limited
Luton Health Facilities Limited
M1-A1 Investments Limited
M1-A1 Yorkshire Limited
Machrie Burn Limited
Machrie Limited
Matrix FPMS Holdings Limited
Matrix FPMS Limited
Matrix PFI Developments Limited
Matrix PFI GP Limited
Matrix PFI Holdings Limited
Matrix Premier Holdings Limited
Moreton Prison Services Limited
Newmount Holdings Limited
Newmount Limited
Newschools (Penweddig) Holdings Limited
Newschools (Penweddig) Limited
Normanby Healthcare Group Holdings Limited
Normanby Healthcare (Holdings) Limited
Normanby Healthcare (Projects) Limited
Nuffield Albion Healthcare Limited
NVSH TopCo Limited
PFI Infrastructure Finance Limited
PFI Senior Funding Limited
PIF Vulcans Lane Limited
PIF West Cumbria Limited
Premier Custodial Finance Limited
Premier Custodial Investments Limited
Premier Custodial Sub-debt Limited
Pucklechurch Custodial Services Limited
Reno Water (Moray) Limited
Reno Water (Tay) Limited
Robertson Education (Aberdeenshire) Group Holdings Limited
Robertson Education (Ingleby Barwick) Group Holdings Limited
Robertson Education (Ingleby Barwick) Holdings Limited
Robertson Education (Ingleby Barwick) Limited
Robertson Health (Chester le Street) Group Holdings Limited
Robertson Health (Chester le Street) Holdings Limited
Robertson Health (Chester le Street) Limited
SD Marine Services (Holdings) Limited
SD Marine Services Limited
TBEP Investments Limited
Tiverton Healthcare Facilities Limited
VLE Holdings Limited
Vulcans Lane Estates Limited
Wansbeck Healthcare Facilities (Holdings) Limited
Wansbeck Healthcare Facilities Limited
WCEM Holdings Limited
West Cumbria Estates Management Limited

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23. **Investments in Subsidiaries (continued)**

Registered Office -2nd Floor, 11 Thistle Street, Edinburgh, EH2 1DF

ABC Schools (Holdings) Limited
ABC Schools Limited
Alpha Schools (West Lothian) Holdings Limited
Alpha Schools (West Lothian) Limited
Bannockburn Group Limited
Bannockburn Holdings Limited
Bannockburn Homes Limited
Catchment Highland Holdings Limited
Catchment Highland Limited
Catchment Limited
Covesea Holdings Limited
Dumfries Facilities (Holdings) Limited
Dumfries Facilities Ltd
Elbon PFI Fund II
Elgin Water Limited
Forfar Healthcare (Holdings) Limited
Forfar Healthcare Limited
Infrastructure Managers Limited
International Water UU (Highland) Limited
KE Project Limited
Kinnoull House Limited
LH Project Limited
Lochgilthead Healthcare Services (Holdings) Limited
Midlothian Schools (Debtco) Limited
Midlothian Schools (Holdings) Limited
Midlothian Schools Limited
Morris Eddie Limited
NVSH Holdco Limited
Robertson Education (Aberdeenshire) Holdings Limited
Robertson Education (Aberdeenshire) Limited
Salisbury Healthcare Facilities (Holdings) Limited
Salisbury Healthcare Facilities Limited
Tiverton Healthcare Facilities (Holdings) Limited
West Lothian Education Limited

Registered Office -4/7 Esplanade , St Helier, Jersey, JE1 0DE

BIIF Offshore Windkraft Holdings Limited

Registered Office – St James Chambers, Athol Street, Douglas, Isle of Man, IM1 1JE

PFI Infrastructure Company plc

Registered Office – Beaufort Court Egg Farm Lane, Off Station Road, Kings Langley, Hertfordshire, WD4 8LR

Black Hill Wind Farm Topco Limited
Black Hill Wind Farm Holdco Limited
Black Hill Wind Farm Limited

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23. **Investments in Subsidiaries (continued)**

Registered Office – 6, Rue Eugene Ruppert L-2453, Luxembourg

Barclays Integrated Infrastructure Project sarl

The companies listed below are subsidiaries of the Company but are not wholly owned. All investments are in ordinary shares:

Registered Office -Cannon Place, 78 Cannon Street, London, EC4N 6AF

HpC King's College Hospital (Holdings) Limited (75%)
HpC King's College Hospital (Issuer) plc (75%)
HpC King's College Hospital Limited (75%)
Innovate East Lothian (Holdings) Limited (90%)
Innovate East Lothian Limited (90%)
Reno Water Highland Limited (70%)
Reno Water (Tay) Limited (55%)

Registered Office -2nd Floor, 11 Thistle Street, Edinburgh, EH2 1DF

Catchment Moray Holdings Limited (85%)
Catchment Moray Limited (85%)
Catchment Tay Holdings Limited (51%)
Catchment Tay Limited (51%)
Covesen Limited (54%)
Lochgilthead Healthcare Services Limited (55%)

Registered Office – 6, Rue Eugene Ruppert L-2453, Luxembourg

Helios B (SIDA 11) (90%)
Societe des Bus Hybrides Dijonnais (90%)

Registered Office – 6th Floor 350 Euston Road, Regents Place, London, NW1 3AX

Connect A50 Limited (75%)
Connect Roads Limited (75%)

Registered Office – 33 Wigmore Street, London, W1U 1QX

Alert Communications Group Holdings Limited (80%)
Alert Communications (2006) Limited
Alert Communications (Holdings) Limited
Alert Communications Limited

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24. Investments in Associates and Joint Ventures

The companies listed below are investments in joint ventures and associates together with particulars of loans due:

| Joint ventures and associates | % holding ordinary shares | Country of Incorporation | Sector | Sum advanced £000 | Interest rate applied | Date of maturity of loan | Interest received £000 | Accrued income and prepayment at 31 Dec 2018 £000 | Accounting period end date | Registered office |
|--|---------------------------|--------------------------|------------|-------------------|-----------------------|--------------------------|------------------------|---|----------------------------|---|
| Key Health Services (Addenbrookes) Limited | 50.00% | England & Wales | Healthcare | 3,563 | 11.25% | 2037 | 605 | 1,211 | 31 December | Cannon Place, 78 Cannon Street, London, EC4N 6AF - |
| Fastrax Limited | 50.00% | England & Wales | Military | 2,583 | 11.25% | 2025 | 436 | 107 | 31 December | Hill Park Court, Springfield Drive, Leatherhead, Surrey, KT22 7NL |
| Summit Healthcare (Wishaw) Ltd | 60.00% | Scotland | Healthcare | 8,819 | 18.00% | 2028 | 1,270 | 400 | 31 March | 2nd Floor 11 Thistle Street, Edinburgh, EH2 1DF |
| Modern Courts (Humburside) Ltd | 50.00% | England & Wales | Justice | 1,273 | 13.00% | 2025 | 170 | 28 | 30 April | Cannon Place, 78 Cannon Street, London, EC4N 6AF |
| Modern Courts (East Anglia) Ltd | 50.00% | England & Wales | Justice | 889 | 13.20% | 2025 | 119 | - | 31 December | Cannon Place, 78 Cannon Street, London, EC4N 6AF |
| The Education Support Company (Leeds) Ltd | 50.00% | England & Wales | Education | 1,369 | 13.00% | 2028 | 178 | 223 | 31 March | Cannon Place, 78 Cannon Street, London, EC4N 6AF |
| Consort Healthcare (Durham) Limited | 50.00% | England & Wales | Healthcare | 4,116 | LIBOR + 6% | 2028 | 286 | 35 | 31 December | Cannon Place, 78 Cannon Street, London, EC4N 6AF |
| Genistics Ltd | 50.00% | England & Wales | Military | 9,231 | 13.50% | 2020 | 1,222 | 245 | 31 December | Rolls Royce Plc PO BOX 31, Moor Lane, Derby, Derbyshire, DE24 8BJ |
| Connect M1-A1 Limited | 50.00% | England & Wales | Transport | 2,854 | 15.00% | 2016 | 430 | 157 | 31 March | 6th Floor 350 Euston Road, Regents Place, London, NW1 3AX |
| PPP Services (North Ayrshire) Limited | 54.50% | Scotland | Education | 4,279 | 14.00% | 2037 | 586 | 124 | 31 December | 2nd Floor 11 Thistle Street, Edinburgh, EH2 1DF |
| FCC (East Ayrshire) Limited | 44.50% | Scotland | Education | 3,619 | 9.00% | 2037 | 325 | 83 | 31 December | 2nd Floor 11 Thistle Street, Edinburgh, EH2 1DF |
| Consort Healthcare (Edinburgh Royal Infirmary) Ltd | 50.00% | Scotland | Education | 6,994 | LIBOR + 6.00% | 2023 | 489 | 165 | 31 December | 2nd Floor 11 Thistle Street, Edinburgh, EH2 1DF |
| Glasgow Healthcare Facilities Ltd | 50.00% | Scotland | Healthcare | 9,700 | 13.75% | 2039 | 1,334 | 336 | 31 December | 2nd Floor 11 Thistle Street, Edinburgh, EH2 1DF |
| Stobhill Healthcare Facilities Limited | 60.00% | Scotland | Healthcare | 1,206 | 13.25% | 2031/2042 | 160 | 68 | 31 December | 2nd Floor 11 Thistle Street, Edinburgh, EH2 1DF |
| Sewell Education (York) Limited | 50.00% | England & Wales | Education | - | - | - | - | - | 31 December | Geneva Way, Leads Road, Hull, North Humberside, HU7 0DG |
| Stirling Gateway Limited | 50.00% | Scotland | Education | 3,309 | 13.50% | 2039 | 447 | 112 | 31 March | Quartermile One, 15 Lauriston Place, Edinburgh, EH3 9EP |
| Sheppey Route Limited | 50.00% | England & Wales | Transport | 2,655 | 12.75% | 2033 | 340 | 86 | 31 December | Cannon Place, 78 Cannon Street, London, EC4N 6AF |

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For the year ended 31 December 2018

24. Investments in Associates and Joint Ventures (continued)

| Joint ventures and associates | % holding ordinary shares | Country of Incorporation | Sector | Sum advance of £000 | Interest rate applied | Date of maturity of loan | Interest received £000 | Accrued income and prepayment at 31 Dec 2018 £000 | Accounting period end date | Registered office |
|---|---------------------------|--------------------------|------------|---------------------|-----------------------|--------------------------|------------------------|---|----------------------------|--|
| Blue Transmission Walney 1 Limited | 50.00% | Jersey | Energy | 5,952 | 7.88% + RPI | 2031 | 651 | 117 | 31 March | Cannon Place, 78 Cannon Street, London, EC4N 6AF |
| Blue Transmission Walney 2 Limited | 50.00% | Jersey | Energy | 8,974 | 7.88% + RPI | 2031 | 865 | 218 | 31 March | Cannon Place, 78 Cannon Street, London, EC4N 6AF |
| Blue Transmission London Array Limited | 50.00% | England & Wales | Energy | 37,206 | 8.21% | 2033 | 3,055 | 770 | 31 March | Cannon Place, 78 Cannon Street, London, EC4N 6AF |
| Blue Transmission Sheringham Shoal Limited | 50.00% | England & Wales | Energy | 9,726 | 9.50% | 2033 | 925 | 233 | 31 March | Cannon Place, 78 Cannon Street, London, EC4N 6AF |
| The Walsall Hospital Company Limited | 50.00% | England & Wales | Healthcare | 7,704 | 12.30% | 2040 | 948 | 239 | 31 December | 8 White Oak Square London Road, Swanley Kent BR8 7AG |
| Hounslow Highways Services Limited | 50.00% | England & Wales | Transport | 10,146 | 9.23% | - | 955 | - | 31 December | Cannon Place, 78 Cannon Street, London, EC4N 6AF |
| Helios A SPV (SJDA 12) | 56.35% | France | Justice | 7,930 | - | - | - | - | 28 February | 6, Rue Eugene Ruppert L-2453 Luxembourg |
| Ligeria (SJDA 13) | 60.00% | France | Education | 2,410 | - | - | - | - | 31 December | 6, Rue Eugene Ruppert L-2453 Luxembourg |
| Canopee IML SAS | 50.00% | France | Management | - | - | - | - | - | 31 December | 3, Rue de Vienne. 75008, Paris. France |
| Blue Transmission Investment Limited | 50.00% | Jersey | Energy | - | - | - | 5,961 | - | 31 March | 47 Esplanade, St Helier, Jersey JE1 0BD |
| Schools Capital Limited | 49.00% | England & Wales | Education | - | - | - | 906 | - | 31 December | Cannon Place, 78 Cannon Street, London, EC4N 6AF |
| Road Management Group Limited | 41.67% | England & Wales | Transport | 4,804 | 12.00% | 2022 | 1,801 | 1,801 | 31 December | Cannon Place, 78 Cannon Street, London, EC4N 6AF |
| Road Management Services (Durrington) Limited | 25.00% | England & Wales | Transport | 2,705 | 10.00% | 2036 | 279 | 70 | 31 December | Third Floor Broad Quay House, Prince Street, Bristol, BS1 4DJ |
| Catalyst Healthcare (Calderdale) Ltd | 20.00% | England & Wales | Healthcare | 638 | 15.00% | 2031 | 96 | 8 | 31 December | C/O Albany Spc Services Ltd 3rd Floor, 3-5 Charlotte Street, Manchester, England, M1 4HB |
| Catalyst Healthcare (Worcester) Ltd | 16.67% | England & Wales | Healthcare | 526 | 8.40% | 2031 | 79 | - | 31 December | C/O Albany Spc Services Ltd 3rd Floor, 3-5 Charlotte Street, Manchester, England, M1 4HB |
| Albion Healthcare (Oxford) Limited | 25.00% | England & Wales | Healthcare | 846 | 12.26% | 2036 | 185 | 54 | 31 December | Third Floor Broad Quay House, Prince Street, Bristol, BS1 4DJ |
| City Greenwich Lewisham Rail Link plc | 46.00% | England & Wales | Transport | - | - | - | - | - | 31 December | 73 Norman Road, Greenwich, London, SE10 9QF |
| Connect A30/35 Limited | 15.00% | England & Wales | Transport | - | - | - | - | - | 31 March | 6th Floor 350 Euston Road, Regents Place, London, NW1 3AX |
| Connect M77 / GSO Limited | 15.00% | England & Wales | Transport | 3,553 | 12.10% | 2035 | 281 | 102 | 31 March | 6th Floor 350 Euston Road, Regents Place, London, NW1 3AX |
| Emblem Schools Limited | 30.00% | Scotland | Education | 1,681 | 13.75% | 2032 | 232 | 59 | 31 March | 2nd Floor 11 Thistle Street, Edinburgh, EH2 1DF |
| Manchester Schools Services Limited | 24.50% | England & Wales | Education | 697 | 12.85% | 2031 | - | - | 31 December | Cannon Place, 78 Cannon Street, London, EC4N 6AF |

BIIF Holdco Limited

Notes to the financial statements

For the year ended 31 December 2018

24. Investments in Associates and Joint Ventures (continued)

| Joint ventures and associates | % holding ordinary shares | Country of Incorporation | Sector | Sum advanced £000 | Interest rate applied | Date of maturity of loan | Interest received £000 | Accrued income and prepayment at 31 Dec 2018 £000 | Accounting period end date | Registered office |
|--|---------------------------|--------------------------|------------|-------------------|-----------------------|--------------------------|------------------------|---|----------------------------|---|
| CSM PPP Services Limited | 24.50% | Ireland | Education | 1,039 | - | - | - | - | 31 December | First Floor Return, 25 Merrion Square, Dublin 2 |
| Bangor and Nendrum Schools Services Limited | 19.60% | Northern Ireland | Education | 710 | - | - | - | - | 31 December | C/O Cleaver Fulton Rankin, 50 Bedford Street, Belfast, BT2 7FW |
| Salford Schools Solutions Limited | 24.50% | England & Wales | Education | 419 | - | - | - | - | 31 December | Third Floor Broad Quay House, Prince Street, Bristol, BS1 4DJ |
| The Edinburgh Schools Partnership Limited | 17.14% | Scotland | Education | 1,149 | 13.07% | 2033 | 156 | 348 | 31 March | 2nd Floor 11 Thistle Street, Edinburgh, EH2 1DF |
| Lighting for Staffordshire Limited | 40.00% | England & Wales | Transport | 107 | 13.18% | 2025 | 15 | 3 | 31 December | Westwood Way, Westwood Business Park, Coventry, CV4 8LG |
| Key Health Services Holdings (Addenbrookes) Limited | 50% | England & Wales | Healthcare | - | - | - | - | - | 31 December | Cannon Place, 78 Cannon Street, London, EC4N 6AF |
| Fasttrax Holdings Limited | 50% | England & Wales | Military | - | - | - | - | - | 31 December | Hill Park Court, Springfield Drive, Leatherhead, Surrey, KT22 7NL |
| Summit Holdings (Wishaw) Limited | 60% | Scotland | Healthcare | - | - | - | - | - | 31 March | 2nd Floor 11 Thistle Street, Edinburgh, EH2 1DF |
| Summit Finance (Wishaw) plc | 60% | Scotland | Healthcare | - | - | - | - | - | 31 March | 2nd Floor 11 Thistle Street, Edinburgh, EH2 1DF |
| Modern Courts Holdings (Huntherside) Limited | 50% | England & Wales | Justice | - | - | - | - | - | 30 April | Cannon Place, 78 Cannon Street, London, EC4N 6AF |
| Modern Courts Holdings (East Anglia) Limited | 50% | England & Wales | Justice | - | - | - | - | - | 31 December | Cannon Place, 78 Cannon Street, London, EC4N 6AF |
| The Education Support Company Holdings (Leeds) Limited | 50% | England & Wales | Education | - | - | - | - | - | 31 March | Cannon Place, 78 Cannon Street, London, EC4N 6AF |
| Consort Healthcare (Durham) Holdings Limited | 50% | England & Wales | Healthcare | - | - | - | - | - | 31 December | Cannon Place, 78 Cannon Street, London, EC4N 6AF |
| Genistics Holdings Limited | 50% | England & Wales | Military | - | - | - | - | - | 31 December | Rolls Royce Plc PO BOX 31, Moor Lane, Derby, Derbyshire, DE24 8BJ |
| Connect M1-A1 Holdings Limited | 50% | England & Wales | Transport | - | - | - | - | - | 31 March | 6th Floor 350 Euston Road, Regent's Place, London, NW1 3AX |
| PPP Services (North Ayrshire) Holdings Limited | 55% | Scotland | Education | - | - | - | - | - | 31 December | 2nd Floor 11 Thistle Street, Edinburgh, EH2 1DF |
| FCC (East Ayrshire) Holdings Limited | 43% | Scotland | Education | - | - | - | - | - | 31 December | 2nd Floor 11 Thistle Street, Edinburgh, EH2 1DF |
| Consort Healthcare (Edinburgh Royal Infirmary) Holdings Limited | 50% | Scotland | Education | - | - | - | - | - | 31 December | 2nd Floor 11 Thistle Street, Edinburgh, EH2 1DF |
| Consort Healthcare (Edinburgh Royal Infirmary) Investments Limited | 50% | Scotland | Education | - | - | - | - | - | 31 December | 2nd Floor 11 Thistle Street, Edinburgh, EH2 1DF |
| Consort Healthcare (Edinburgh Royal Infirmary) Finance Limited | 50% | Scotland | Education | - | - | - | - | - | 31 December | 2nd Floor 11 Thistle Street, Edinburgh, EH2 1DF |

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Notes to the financial statements

For the year ended 31 December 2018

24. Investments in Associates and Joint Ventures (continued)

| Joint ventures and associates | % holding ordinary shares | Country of Incorporation | Sector | Sum advance d £000 | Interest rate applied | Date of maturity of loan | Interest received £000 | Accrued income and prepayment at 31 Dec 2018 £000 | Accounting period end date | Registered office |
|---|---------------------------|--------------------------|------------|--------------------|-----------------------|--------------------------|------------------------|---|----------------------------|---|
| Glasgow Healthcare Facilities (Holdings) Limited | 50% | Scotland | Healthcare | - | - | - | - | - | 31 December | 2nd Floor 11 Thistle Street, Edinburgh, EH2 1DF |
| Stobhill Healthcare Facilities (Holdings) Limited | 60% | Scotland | Healthcare | - | - | - | - | - | 31 December | 2nd Floor 11 Thistle Street, Edinburgh, EH2 1DF |
| Sewell Education (York) Holdings Limited | 50% | England & Wales | Education | - | - | - | - | - | 31 December | Geneva Way, Leads Road, Hull, North Humberside, HU7 0DG |
| Stirling Gateway HC Limited | 50% | Scotland | Education | - | - | - | - | - | 31 March | Quartermile One, 15 Lauriston Place, Edinburgh, EH3 9EP |
| Sheppey Route (Holdings) Limited | 50% | England & Wales | Transport | - | - | - | - | - | 31 December | Cannon Place, 78 Cannon Street, London, EC4N 6AF |
| Blue Transmission Walney 1 (Holdings) Limited | 50% | England & Wales | Energy | - | - | - | - | - | 31 March | Cannon Place, 78 Cannon Street, London, EC4N 6AF |
| Blue Transmission Walney 2 (Holdings) Limited | 50% | England & Wales | Energy | - | - | - | - | - | 31 March | Cannon Place, 78 Cannon Street, London, EC4N 6AF |
| Blue Transmission Walney 2 Investments Limited | 50% | Jersey | Energy | - | - | - | - | - | 31 March | 47 Esplanade, St Helier, Jersey, JE1 0BD, Channel Islands |
| Blue Transmission London Array (Holdings) Limited | 50% | England & Wales | Energy | - | - | - | - | - | 31 March | Cannon Place, 78 Cannon Street, London, EC4N 6AF |
| Blue Transmission Sherringham Shoal (Holdings) Limited | 50% | England & Wales | Energy | - | - | - | - | - | 31 March | Cannon Place, 78 Cannon Street, London, EC4N 6AF |
| Blue Transmission Sherringham Shoal Investments Limited | 50% | Jersey | Energy | - | - | - | - | - | 31 March | Cannon Place, 78 Cannon Street, London, EC4N 6AF |
| Blue Transmission Investments Limited | 50% | Jersey | Energy | - | - | - | - | - | 31 March | 47 Esplanade, St Helier, Jersey, JE1 0BD, Channel Islands |
| The Walsall Hospital Company (Holdings) Limited | 50% | England & Wales | Healthcare | - | - | - | - | - | 31 December | 47 Esplanade, St Helier, Jersey, JE1 0BD, Channel Islands |
| Hounslow Highways Investment Limited | 50% | England & Wales | Transport | - | - | - | - | - | 31 December | 8 White Oak Square, London Road, Swanley, Kent, BR8 7AG |
| Hounslow Highways Investment 2 Limited | 50% | England & Wales | Transport | - | - | - | - | - | 31 December | Cannon Place, 78 Cannon Street, London, EC4N 6AF |
| Road Management Consolidated plc | 42% | England & Wales | Transport | - | - | - | - | - | 31 December | Cannon Place, 78 Cannon Street, London, EC4N 6AF |
| Road Management Limited | 42% | England & Wales | Transport | - | - | - | - | - | 31 December | Cannon Place, 78 Cannon Street, London, EC4N 6AF |
| Road Management Services (Gloucester) Limited | 42% | England & Wales | Transport | - | - | - | - | - | 31 December | Cannon Place, 78 Cannon Street, London, EC4N 6AF |
| Road Management Services (Peterborough) Limited | 42% | England & Wales | Transport | - | - | - | - | - | 31 December | Cannon Place, 78 Cannon Street, London, EC4N 6AF |

BIIF Holdco Limited

Notes to the financial statements

For the year ended 31 December 2018

24. Investments in Associates and Joint Ventures (continued)

| | % holding ordinary shares | Country of Incorporation | Sector | Sum advanced £000 | Interest rate applied | Date of maturity of loan | Interest received £000 | Accrued income and prepayment at 31 Dec 2018 £000 | Accounting period end date | Registered office |
|---|------------------------------------|-----------------------------|------------|-------------------------|-----------------------------|--------------------------------|------------------------------|--|----------------------------------|---|
| Joint ventures and associates | | | | | | | | | | |
| Road Management Services (Darrington) Holdings Limited | 25% | England & Wales | Transport | - | - | - | - | - | 31 December | Third Floor Broad Quay House, Prince Street, Bristol, BS1 4DJ |
| Road Management Services (Finance) plc | 25% | England & Wales | Transport | - | - | - | - | - | 31 December | Third Floor Broad Quay House, Prince Street, Bristol, BS1 4DJ |
| Calderdale Hospital SPC Holdings Limited | 20% | England & Wales | Healthcare | - | - | - | - | - | 31 December | C/O Albany Spc Services Ltd 3rd Floor, 3-5 Charlotte Street, Manchester, England, M1 4HB |
| Worcestershire Hospital SPC Holdings Limited | 17% | England & Wales | Healthcare | - | - | - | - | - | 31 December | C/O Albany Spc Services Ltd 3rd Floor, 3-5 Charlotte Street, Manchester, England, M1 4HB |
| Albion Healthcare (Oxford) Holdings Limited | 25% | England & Wales | Healthcare | - | - | - | - | - | 31 December | Third Floor Broad Quay House, Prince Street, Bristol, BS1 4DJ |
| Connect A30/A35 Holdings Limited | 15% | England & Wales | Transport | - | - | - | - | - | 31 March | 6th Floor 350 Euston Road, Regents Place, London, NW1 3AX |
| Connect M77 + GSO Holdings Limited | 15% | England & Wales | Transport | - | - | - | - | - | 31 March | 6th Floor 350 Euston Road, Regents Place, London, NW1 3AX |
| Emblem Schools (Holdings) Limited | 30% | Scotland | Education | - | - | - | - | - | 31 March | 2nd Floor 11 Thistle Street, Edinburgh, EH2 1DF |
| Manchester Schools Services Holdings Limited | 25% | England & Wales | Education | - | - | - | - | - | 31 December | Cannon Place, 78 Cannon Street, London, EC4N 6AF |
| CSM PPP Services (Holdings) Limited | 25% | Ireland | Education | - | - | - | - | - | 31 December | First Floor Return, 25 Merrion Square, Dublin 2 |
| Bangor and Nendrum Schools Services Holdings Limited | 20% | Northern Ireland | Education | - | - | - | - | - | 31 December | C/O Cleaver Fulton Rankin, 50 Bedford Street, Belfast, BT2 7FW |
| Salford Schools Solutions Holdco Limited | 25% | England & Wales | Education | - | - | - | - | - | 31 December | Third Floor Broad Quay House, Prince Street, Bristol, BS1 4DJ |
| Schools Capital Limited | 49% | England & Wales | Education | - | - | - | - | - | 31 December | Cannon Place, 78 Cannon Street, London, EC4N 6AF |
| ESP (Holdings) Limited | 17% | Scotland | Education | - | - | - | - | - | 31 March | 2nd Floor 11 Thistle Street, Edinburgh, EH2 1DF |
| Lighting for Staffordshire Holdings Limited | 40% | England & Wales | Transport | - | - | - | - | - | 31 December | Westwood Way, Westwood Business Park, Coventry, CV4 8LG |