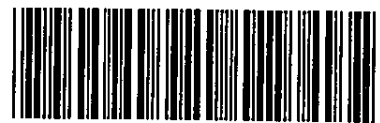


Barclays Infrastructure Funds Management Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS
For the year ended 31 December 2012

REGISTERED NUMBER 6949026

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Barclays Infrastructure Funds Management Limited (Registered Number: 6949026)
Directors' report and Financial Statements
For the year ended 31 December 2012

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Barclays Infrastructure Funds Management Limited (Registered Number: 6949026)
Directors' report
For the year ended 31 December 2012

The Directors present their annual report together with the audited financial statements of Barclays Infrastructure Funds Management Limited (the 'Company') for the year ended 31 December 2012

Business review and principal activities

The principal activity of the Company is to provide management services to limited partnership vehicles which invest in Private Public Partnerships (PPP), Private Finance Initiative (PFI) projects and other infrastructure projects exhibiting similar characteristics in the UK and Europe. Subsidiaries of the Company act as general partners of the limited partnership vehicles managed by the Company. The Company operates through offices located in the UK and France.

The results of the Company show a profit before tax of £805,088 (2011: £3,270,346) and revenue of £10,892,714 (2011: £15,222,407). The Company has net assets of £8,637,059 (2011: £8,029,218).

Business environment

Investment in infrastructure projects is becoming much more competitive, particularly in the United Kingdom, where the industry is relatively mature and primary deal flow has reduced. Investment opportunities are however continuing to arise, both in continental Europe, in the secondary market, and in new sectors such as renewable energy generation and consumption.

The infrastructure funds management business in Barclays has a strong, long standing reputation allowing the Company to continue to capitalise on opportunities offered in the European infrastructure markets.

The Company's activities are authorised and regulated by the Financial Conduct Authority.

Strategy

The Company manages funds that invest principally in projects which are sponsored by governments in the United Kingdom and the Eurozone countries under the PFI or PPP programmes.

Future outlook

The interest of governments in the UK and internationally in promoting infrastructure projects with the private sector remains strong. The adoption of PPP models in new areas, such as energy transmission and rolling stock, together with the developments of active markets internationally in operational PPP projects offer further opportunities for investment to be managed by the Company.

Principal risks and uncertainties

Overall, the risks of investing in PFI and PPP projects are considered low. Risks are higher during construction, where the failure of a construction subcontractor can result in substantial losses. Once infrastructure projects are built and operational, the project risk reduces and the presence of a strong covenant, quite frequently supported by a government body guarantee reduces the risk. The Company believes its experience in this market together with its rigorous investment selection and monitoring processes leave it well placed to mitigate risk in each transaction.

Key performance indicators

Given the contractual nature of the management services business the Company's directors are of the opinion that using Key Performance Indicators is not necessary for an understanding of the development, performance or position of the business.

Barclays Infrastructure Funds Management Limited (Registered Number: 6949026)
Directors' report
For the year ended 31 December 2012

Results and dividends

During the year the Company made a profit after taxation of £607,841 (2011 £2,585,007). No interim dividend was paid in 2012 or 2011. The Directors do not recommend the payment of a final dividend.

Directors

The Directors of the Company who served during the year and up to date of signing the financial statements, together with their dates of appointment and resignation, are as shown below:

C J Elliott	
A Matthews	
R S McClatchey	(resigned 1 March 2013)
N W Middleton	

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial instruments

Barclays' financial risk management objectives and policies, which are followed by the Company, and the exposure to market risk, credit risk and liquidity risk are set out in the note 'Financial Risks' on pages 15 to 17.

Directors' third party indemnity provisions

Qualifying third-party indemnity provisions were in force during the course of the financial year ended 31 December 2012 for the benefit of the then Directors and, at the date of this report, are in force for the benefit of the Directors in relation to certain losses and liabilities which may occur (or have occurred) in connection with their duties, powers or office.

Barclays Infrastructure Funds Management Limited (Registered Number. 6949026)
Directors' report
For the year ended 31 December 2012

Pillar 3 disclosures

In accordance with the rules of the Financial Conduct Authority, the Company's parent, Barclays Bank PLC has published information on its risk management objectives and policies and on its regulatory capital requirements and resources. This information is available at <http://group.barclays.com/Investor-Relations/Financial-results-and-publications/Annual-Reports>

Independent auditors

PricewaterhouseCoopers LLP will continue to hold office in accordance with section 487 of the Companies Act 2006

Statement of disclosure of information to auditors

So far as the Directors are aware, there is no relevant audit information of which the Company's Auditors are unaware. The Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

ON BEHALF OF THE BOARD



N W Middleton
Director
23 April 2013
Company number 6949026

Barclays Infrastructure Funds Management Limited (Registered Number 6949026)
Independent auditors' report
For the year ended 31 December 2012

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BARCLAYS INFRASTRUCTURE FUNDS
MANAGEMENT LIMITED**

We have audited the financial statements of Barclays Infrastructure Funds Management Limited for the year ended 31 December 2012 which comprise the Balance Sheet, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibility set out on page 2, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2012 and of its profit and cash flows for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

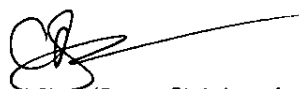
Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



Carl Sizer (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
23 April 2012

Barclays Infrastructure Funds Management Limited (Registered Number 6949026)
Statement of comprehensive income
For the year ended 31 December 2012

	Notes	2012	2011
		£'000	£'000
Continuing operations:			
Revenue	4	10,893	15,222
Operating expenses	5	(10,088)	(11,952)
Profit before tax	5	805	3,270
Tax (expense)	7	(197)	(685)
Profit after tax and total comprehensive income for the year		608	2,585

There are no other items of comprehensive income apart from profit after tax, and hence the comprehensive income is £607,841 (2011 £2,585,007)

The accompanying notes form an integral part of the financial statements

Barclays Infrastructure Funds Management Limited (Registered Number: 6949026)

Balance sheet

As at 31 December 2012

	Notes	2012 £'000	2011 £'000
ASSETS			
Non-current assets			
Investments in subsidiaries	8	-	-
Total non-current assets		-	-
Current assets			
Financial assets			
- Loans and other receivables	9	8,012	10,695
Cash and cash equivalents		7,423	3,012
Total current assets		15,435	13,707
Total assets		15,435	13,707
LIABILITIES			
Current liabilities			
Trade and other payables	10	(6,763)	(5,175)
Current tax liabilities	11	(35)	(503)
Total current liabilities		(6,798)	(5,678)
Net current assets		8,637	8,029
Net assets		8,637	8,029
Equity			
Called up share capital	12	2,570	2,570
Retained earnings		6,067	5,459
Total shareholders' equity		8,637	8,029

The accompanying notes form an integral part of the financial statements

The financial statements were approved by the Board of Directors and authorised for issue on 23 April 2013 and were signed on its behalf by



N W Middleton
Director
23 April 2013

Barclays Infrastructure Funds Management Limited (Registered Number: 6949026)
Statement of changes in equity
For the year ended 31 December 2012

2012	Share Capital £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2012	2,570	5,459	8,029
Profit after tax	-	608	608
Total comprehensive income for the year	-	608	608
At 31 December 2012	2,570	6,067	8,637
2011	Share Capital £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2011	2,570	2,874	5,444
Profit after tax	-	2,585	2,585
Total comprehensive income for the year	2,570	5,459	8,029
At 31 December 2011	2,570	5,459	8,029

Barclays Infrastructure Funds Management Limited (Registered Number 6949026)
Cash flow statement
For the year ended 31 December 2012

	Notes	2012 £'000	2011 £'000
Cash flows from operating activities			
Cash receipts from customers		16,395	18,883
Cash paid to suppliers		(13,636)	(16,788)
Cash generated from operations		2,759	2,095
Tax received		1,652	92
Net cash from operating activities		4,411	2,187
Net increase in cash and cash equivalents		4,411	2,187
Cash and cash equivalents at beginning of year		3,012	825
Cash and cash equivalents at end of year		7,423	3,012
Cash and cash equivalents comprise			
Cash at bank		7,423	3,012
Cash and cash equivalents at end of year		7,423	3,012

The accompanying notes form an integral part of the financial statements

Barclays Infrastructure Funds Management Limited (Registered Number: 6949026)
Notes to the financial statements
For the year ended 31 December 2012

1 Reporting entity

These financial statements are prepared for Barclays Infrastructure Funds Management Limited (the "Company"), the principal activities of which are the management of funds for investment in public/private infrastructure projects. The financial statements are prepared for the Company only. The Company is a wholly owned subsidiary of Barclays Bank PLC and its ultimate parent company is Barclays PLC, both of which prepare consolidated financial statements in accordance with International Financial Reporting Standards ('IFRSs'), and accordingly consolidated financial statements have not been prepared.

The Company is a private limited company, domiciled and incorporated in the United Kingdom. The address of the registered office of the Company is 1 Churchill Place, London, E14 5HP.

2 Compliance with International Financial Reporting Standards

The financial statements have been prepared in accordance with international IFRS, adopted for use in the European Union, International Financial Reporting Interpretations Committee ('IFRIC') interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied.

Basis of preparation

The financial statements have been prepared under the historical cost convention modified to include the fair valuation of certain financial instruments to the extent required or permitted under IAS 39, 'Financial Instruments, recognition, and measurement' as set out in the relevant accounting policies. They are presented in thousand pounds sterling (£'000), the currency of the country in which the Company is incorporated.

The preparation of financial statements in accordance with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the accounting policies. The notes to the financial statements set out areas involving a higher degree of judgment or complexity, or areas where assumptions are significant to the financial statements.

a) Foreign currency translation

Items included in the financial statements of the Company are measured using their functional currency, being the currency of the primary economic environment in which the entity operates.

Foreign currency transactions are translated into sterling using the exchange rates prevailing at the dates of the transactions. Monetary items denominated in foreign currencies are retranslated at the rate prevailing at the period end. Foreign exchange gains and losses resulting from the retranslation and settlement of these items are recognised in the income statement.

Non-monetary assets that are measured at fair value are translated using the exchange rate at the date that the fair value was determined. Exchange difference on equities and similar non-monetary items held at fair value through profit or loss, are reported as part of the fair value gain or loss.

b) Fees and commissions

Fees and commissions are recognised when the services are provided. Management fees are accounted for on an accruals basis.

c) Operating expenses

Operating expenses represent advisory, management fees payable to a fellow subsidiary and legal expenses payable and are recognised on an accruals basis.

3 Summary of significant accounting policies (continued)

d) Interest

Interest income or expense is recognised on all interest bearing financial assets classified as held to maturity, available for sale or other loans and receivables and on interest bearing financial liabilities, using the effective interest method

The effective interest rate is the rate that exactly discounts the expected future cash payments or receipts through the expected life of the financial instrument, or when appropriate, a shorter period, to the net carrying amount of the instrument. The application of the method has the effect of recognising income (and expense) receivable (or payable) on the instrument evenly in proportion to the amount outstanding over the period to maturity or repayment.

e) Current and deferred income tax

Income tax payable on taxable profits ('current tax'), is recognised as an expense in the period in which the profits arise. Income tax recoverable on tax allowable losses is recognised as an asset only to the extent that it is regarded as probable that it will be recoverable by offset against current year or prior year taxable profits.

Deferred tax is provided in full, using the liability method, on temporary differences arising from the differences between the tax bases of assets and liabilities and their carrying amounts in the Company's financial statements. Deferred tax is determined using tax rates and legislation enacted or substantively enacted by the balance sheet date and that are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised on deductible temporary differences, carry forward of unused tax losses and unused tax credits to the extent that it is regarded as probable that sufficient taxable profits will be available against which the deductible temporary difference, unused tax losses and unused tax credits can be utilised.

Deferred and current tax assets and liabilities are only offset where there is both the legal right and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously with the same tax authority.

f) Financial assets and liabilities

The Company recognises financial instruments from the trade date, and continues to recognise them until, in the case of assets, the rights to receive cash flows have expired or the Company has transferred substantially all the risks and rewards of ownership, or in the case of liabilities, until the liability has been settled, extinguished or has expired.

Financial assets are initially recognised at fair value and then classified in the following categories and dealt with in the financial statements as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and which are not classified as available for sale. They are included in current assets, except for maturities greater than twelve months after the balance sheet date, which are classified as non-current assets. Loans and receivables are stated at amortised cost using the effective interest method (see above). They are initially recognised at fair value including direct and incremental transaction costs. They are subsequently measured at amortised cost, using the effective interest method, less any amounts that have been provided for to reflect impairment in the value of the asset, where there is objective evidence of impairment. They are derecognised when the rights to receive cash flows have expired or the Company has transferred substantially all the risks and rewards of ownership.

Barclays Infrastructure Funds Management Limited (Registered Number: 6949026)
Notes to the financial statements
For the year ended 31 December 2012

3 Summary of significant accounting policies (continued)

f) Financial assets and liabilities (continued)

Financial liabilities

Financial liabilities are measured at amortised cost, except for trading liabilities and liabilities designated at fair value (see above), which are held at fair value through profit or loss. Financial liabilities are derecognised when extinguished. The Company's financial liabilities comprise trade and other payables and borrowings in the balance sheet.

Impairment of financial assets

The Company assesses at each balance sheet date whether there is objective evidence that loans and receivables are impaired. The factors that the Company uses include significant financial difficulty of the debtor or issuer, a breach of contract or default in payment, the lender, for economic or legal reasons relating to the borrower's financial difficulty, the granting by the Company of a concession to the debtor because of a deterioration in its financial condition, the probability that the debtor will enter into bankruptcy or other financial reorganisation, or, the disappearance of an active market for a security because of the issuer's financial difficulties.

For loans and receivables the Company first assesses whether objective evidence of impairment exists individually for individually significant loans and receivables, and then collectively assesses remaining loans and receivables that are not individually significant. The amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

g) Investments in subsidiaries

Investments in subsidiaries are stated at cost, less impairment, if any.

h) Cash and cash equivalents

For the purposes of the cash flow statement, cash comprises cash on hand, demand deposits, and cash equivalents. Cash equivalents comprise highly liquid investments that are convertible into cash with an insignificant risk of changes in value with original maturities of three months or less. Trading balances are not considered to be part of cash equivalents.

j) Changes to accounting policy and disclosures

The Company has continued to apply the accounting policies used for the 2012 Annual Report.

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2012 that would be expected to have material impact to the Company.

Barclays Infrastructure Funds Management Limited (Registered Number: 6949026)
Notes to the financial statements
For the year ended 31 December 2012

3 Summary of significant accounting policies (continued)

j) Changes to accounting policy and disclosures (continued)

Future accounting developments

IFRS 9, 'Financial Instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instrument. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Company is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2013, subject to endorsement by the EU.

A number of other amendments and interpretations to IFRSs have been issued that first apply from 1st January 2010 or later periods. These have not resulted in any material changes to the Company's accounting policies.

4 Revenue

An analysis of Revenue is as follows	2012	2011
	£'000	£'000
Fee and commission income (note 15)	10,893	15,222
Total	10,893	15,222

5 Profit before tax

The following has been charged in arriving at operating profit	2012	2011
	£'000	£'000
Management fees payable to fellow subsidiary (note 16)	(10,032)	(11,942)

Directors' and employees' remuneration and certain direct and indirect costs are borne by Barclays Capital Services Limited, and are recharged to the Company by way of a management fee shown above. This recharge includes auditors' remuneration of £13,000 (2011: £12,600).

Auditor's remuneration for the supply of non-audit services is not disclosed because the financial statements of the Company's parent Barclays Bank PLC are required to disclose such fees in the consolidated financial statements.

The Company had no employees during 2012 or 2011.

Barclays Infrastructure Funds Management Limited (Registered Number 6949026)
Notes to the financial statements
For the year ended 31 December 2012

6. Directors' remuneration

The aggregate emoluments of the Directors of the Company calculated as defined by the Companies Act 2006 were as follows

	2012 £'000	2011 £'000
Aggregate remuneration in respect of qualifying services	529	614
Aggregate amounts receivable under long-term incentive schemes	34	109
Aggregate contributions due to Barclays Group pension schemes	14	28

Director's remuneration of £16,945 receivable under long term incentive schemes relates to services to Barclays Infrastructure Funds Management Limited and £16,945 for services to Investors in Infrastructure Ltd, a fellow subsidiary undertaking

All Directors are accruing benefits under a defined contribution (2011 All)

All Directors exercised options under the Barclays PLC Sharesave scheme and Long Term Incentive Schemes during 2012 (2011 One)

Highest paid director

The aggregate emoluments of the highest paid Director were as follows	2012 £'000	2011 £'000
Total remuneration and amounts (excluding shares) receivable under long-term incentive schemes	149	187
Contributions to the Barclays Group pension scheme	2	8

£7,356 receivable under long term incentive scheme relates to services to Investors in Infrastructure Ltd, a fellow subsidiary undertaking

The highest paid Directors exercised options under the Barclays PLC Sharesave Scheme and Long Term Incentive Schemes during 2012

7 Tax

The analysis of the expense for the year is as follows	2012 £'000	2011 £'000
Current tax		
United Kingdom corporation tax	197	685
Total tax expense	197	685

The standard rate of tax is 24.5% (2011 26.5%)

Barclays Infrastructure Funds Management Limited (Registered Number: 6949026)
Notes to the financial statements
For the year ended 31 December 2012

7 Tax (continued)

A numerical reconciliation of the applicable tax rate and effective tax rate is as follows

	2012 £'000	2011 £'000
Profit before tax	805	3,270
Tax charge at average UK corporation tax rate of 24.5% (2011: 26.5%)	197	867
Effect of non taxable income		(181)
Overall tax charge	197	685
Effective tax rate	24.50%	20.96%

8 Investments in subsidiaries

The investment in subsidiaries is stated in the balance sheet at a cost of £57 (2011: £57)

Particulars of subsidiaries are as follows

Country of registration or Incorporation	Company name	Percentage of equity share Capital held
England	Barclays European Infrastructure II Limited	100%
England	BEIF Management Limited	100%
England	Barclays Alma Mater General Partner Limited	100%
England	BIIF GP Limited	100%

9 Loans and other receivables

An analysis of loans and other receivables is as follows

	2012 Current £'000	2011 Current £'000
Trade receivables	1,134	1,540
Other receivables	6,878	9,155
Total	8,012	10,695

The Directors consider that the carrying amount of receivables approximates to their fair value

10. Trade and other payables

An analysis of trade and other payables is as follows

	2012 Current £'000	2011 Current £'000
Trade payables	(1,014)	(1,067)
Accrued expenses	(5,749)	(4,108)
Total	(6,763)	(5,175)

The Directors consider that the carrying amount of trade payables approximates to their fair value

Barclays Infrastructure Funds Management Limited (Registered Number: 6949026)
Notes to the financial statements
For the year ended 31 December 2012

11 Current tax liabilities

An analysis of current tax liabilities is as follows	2012	2011
	£'000	£'000
Group relief payable (note 16)	(35)	(503)
Total	(35)	(503)

12 Called up share capital

Particulars of the Company's called up share capital were as follows		Number of Shares '000	Ordinary shares £'000
At 1 January 2012	Ordinary Shares of £1	2,570	2,570
At 31 December 2012	Ordinary Shares of £1	2,570	2,570
At 1 January 2011	Ordinary Shares of £1	2,570	2,570
At 31 December 2011	Ordinary Shares of £1	2,570	2,570

The par value ordinary shares is £1 each. All issued shares are fully paid.

13 Financial risks

The Company's activities expose it to a variety of financial risks. These are credit risk and liquidity risk. The Company is not exposed to market risk. Consequently, the Company devotes considerable resources to maintaining effective controls to manage, measure, and mitigate each of these risks, and regularly reviews its risk management procedures and systems to ensure that they continue to meet the needs of the business.

The Board of Directors monitors the Company's financial risks and has responsibility for ensuring effective risk management and control.

(a) Credit risk

Credit risk is the risk of suffering financial loss, should any of the Company's market counterparties fail to fulfil their contractual obligations to the Company.

The Company assesses all counterparties for credit risk before contracting with them. Risk rating is the main method used to measure credit risk. Third party financial instrument counterparties are required to be rated AA or better, and the Company's exposure to them is subject to financial limits.

Barclays Infrastructure Funds Management Limited (Registered Number: 6949026)
Notes to the financial statements
For the year ended 31 December 2012

13 Financial risks (continued)

(a) Credit risk (continued)

Significant concentration of credit risk is detailed below

Maximum exposure to credit risk

Whilst the Company's maximum exposure to credit risk is the carrying value of the assets, in most cases the likely exposure is far less due to other actions taken to mitigate the Company's exposure. The analysis presented below shows the financial effects of these mitigants.

	Total Exposure £'000
As at 31 December 2012	
Cash and cash equivalents	7,423
Loans and other receivables	8,012
Total maximum exposure at 31 December	15,435

	Total Exposure £'000
As at 31 December 2011	
Cash and cash equivalents	3,012
Loans and other receivables	10,695
Total maximum exposure at 31 December	13,707

Cash and cash equivalents are held with Barclays Bank PLC. The Company does not hold any collateral as security.

Financial assets subject to credit risk

For the purposes of the Company's disclosures regarding credit quality, financial assets subject to credit risk have been analysed as follows:

	2012 Cash and Cash equivalents £'000	Loans and Other receivables £'000	Total £'000
As at 31 December			
Neither past due nor individually impaired	7,423	8,012	15,435
Total carrying amount	7,423	8,012	15,435

	2011 Cash and Cash equivalents £'000	Loans and Other receivables £'000	Total £'000
As at 31 December			
Neither past due nor individually impaired	3,012	10,695	13,707
Total carrying amount	3,012	10,695	13,707

Barclays Infrastructure Funds Management Limited (Registered Number. 6949026)
Notes to the financial statements
For the year ended 31 December 2012

13. Financial risks (continued)

(a) Credit risk (continued)

a) Financial assets subject to credit risk neither past due nor individually impaired

Financial assets subject to credit risk that are neither past due nor individually impaired can be analysed to the rating systems used by the Company when assessing customers and counterparties. The credit quality of financial assets subject to credit that were neither past due nor impaired, based on credit rating, was as follows

	Strong	Satisfactory	Weak	Total
	£'000	£'000	£'000	£'000
31 December 2012				
Loans and other receivables	-	8,012	-	8,012
Cash and cash equivalents	7,423	-	-	7,423
Total	7,423	8,012		15,435

	Strong	Satisfactory	Weak	Total
	£'000	£'000	£'000	£'000
31 December 2011				
Loans and other receivables	-	10,695	-	10,695
Cash and cash equivalents	3,012	-	-	3,012
Total	3,012	10,695	-	13,707

(b) Liquidity risk

This is the risk that the Company's cash and committed facilities may be insufficient to meet its debts as they fall due. The Company has the financial support of the parent undertaking Barclays Bank PLC, it also maintains banking facilities with Barclays Bank PLC. These facilities are designed to ensure the Company has sufficient available funds for operations.

Contractual maturity of financial liabilities on an undiscounted basis

	On demand	Not more than 3 months	Over 3 months but no more than 6 months	Over 6 months but no more than 1 year	Over 1 year but no more than 3 years	Total
	£'000	£'000	£'000	£'000	£'000	£'000
2012						
Trade and other payables	-	6,763	-	-	-	6,763
Total financial liabilities	-	6,763	-	-	-	6,763

	On demand	Not more than 3 months	Over 3 months but no more than 6 months	Over 6 months but no more than 1 year	Over 1 year but no more than 3 years	Total
	£'000	£'000	£'000	£'000	£'000	£'000
2011						
Trade and other payables	-	5,175	-	-	-	5,175
Total financial liabilities	-	5,175	-	-	-	5,175

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14 Fair value of financial instruments

There are no significant differences between carrying value of the Company's financial assets and their fair value on 31 December 2012 and 31 December 2011

15 Contingencies and commitments

Contingent Liabilities

The Company agreed to enter into possible obligations of £288,000 related to bidding costs for achieving potential future investments. The cost has not been recognised in the financial statements as the obligation to meet these expenses by the company is dependent upon one or more uncertain future events not wholly within the Company's control.

16 Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the party in making financial or operational decisions, or one other party controls both.

The definition of related parties includes parent company, ultimate parent company, subsidiary, associated and joint venture companies, as well as the Company's key management which includes its Directors.

The Company's immediate parent is Barclays Bank PLC. The ultimate parent is Barclays PLC.

During the year there were no loans to Directors or connected persons or other transactions, arrangements or agreements which require disclosure in accordance with the Companies Act 2006. Certain subsidiaries of the Company act as the General Partner of funds that invest in private companies and public and private infrastructure projects. These subsidiaries have delegated their management responsibilities of these funds to the Company for which it receives a management fee. Fees received for the year and amounts receivable at year end are detailed in the table in this note.

Salaries (including Directors' remuneration) and certain direct and indirect costs of the Company are borne by Barclays Capital Services Limited and recharged to the Company by way of a management fee. Fees paid for the year are detailed in the table in this note as operating expenses paid to fellow subsidiaries and amounts payable at year end are detailed in the table in this note as liabilities with fellow subsidiaries.

The Company utilises banking facilities of its immediate parent, Barclays Bank PLC, on arm's length terms available to external customers.

The Directors are considered the key management of the Company. Their compensation is disclosed in note 6.

BEIF Management Limited is the General Partner of BEIF Management LP, of Barclays Alma Mater Management LP, of Barclays Infrastructure Investors Management LP, of BEIF Management II LP, BIIF Management LP, Barclays Investors in Infrastructure LP, BIIF Management LP and of Barclays Investors in Infrastructure II LP (collectively in this note only, the "Funds"). All Directors and connected persons as at 31 December 2012 have a financial interest in the investments in the Funds through BEIF Management Limited, the BEIF Management LP Partnership Agreement dated 19 November 2004, the Barclays Alma Mater Management LP Partnership Agreement dated 2 September 2004, the Barclays Infrastructure Investors Management LP Agreement dated 25 November 2003, the BEIF Management II LP Agreement, Barclays Investors in Infrastructure LP Agreement (both dated 4 July 2006), Barclays Investors in Infrastructure II LP and the BIIF Management LP Agreement (both dated 16 May 2008).

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16 Related party transactions (continued)

Under the terms of these agreements, should the return from the Funds exceed specific predetermined levels, all Directors and connected persons receive an enhanced return. During the year a total of £14,441 (2011 £1,752) has been invested by the Directors and connected persons in the Funds and there have been no transactions with related parties other than group companies.

All Directors and connected persons as at 31 December 2012 have a financial interest in the performance of some of the investments made by subsidiaries of the Company in accordance with the terms of a Co-Investment Plan ("the Plan"). Under the Plan, a total of £6,065,924 (2011 £4,733,434) had been invested by the directors and connected persons through BEIF Management II LP and BIIIF Management LP (the Co-Investment Vehicles) by 31 December 2012.

Particulars of transactions, and the balances outstanding at the year end, are disclosed in the tables below.

Transactions and balances	For the year ended to 31 December 2012				
	Parent Company	Subsidiaries (entity's own subsidiaries)	Fellow Subsidiaries	Other	Total
	£'000	£'000	£'000	£'000	£'000
Transactions					
Revenue	-	10,893	-	-	10,893
Operating expenses	-	-	(10,032)	-	(10,032)
Taxation	-	-	-	(197)	(197)
Balances outstanding at 31 December					
Assets	-	6,878	-	-	6,878
Cash balances with Barclays Bank PLC	7,423	-	-	-	7,423
Liabilities	-	(911)	(5,749)	(35)	(6,694)

Transactions and balances	For the year ended to 31 December 2011				
	Parent Company	Subsidiaries (entity's own subsidiaries)	Fellow Subsidiaries	Other	Total
	£'000	£'000	£'000	£'000	£'000
Transactions					
Revenue	-	15,222	-	-	15,222
Operating expenses	-	-	(11,942)	-	(11,942)
Taxation	-	-	-	(685)	(685)
Balances outstanding at 31 December					
Assets	-	10,695	-	-	10,695
Cash balances with Barclays Bank PLC	3,012	-	-	-	3,012
Liabilities	-	(1,025)	(4,108)	(545)	(5,678)

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17 Capital Management

The Company's objectives when managing capital are

- To safeguard the Company's ability to continue as a going concern
- To maintain an optimal capital structure in order to reduce the cost of capital
- To generate sufficient capital to support asset growth
- To ensure compliance with the Financial Conduct Authority regulations and capital requirements

The Board of Directors is responsible for capital management and has approved minimum control requirements for capital and liquidity risk management

The Company regards as capital its equity, as shown in the balance sheet

Total capital is as follows	2012 £'000	2011 £'000
Called up share capital	2,570	2,570
Retained earnings	6,067	5,459
Total capital resources	8,637	8,029

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

The Company complied with the capital requirements imposed by the Financial Conduct Authority during the year ended 31 December 2012

18 Parent undertaking and ultimate Holding Company

The immediate and ultimate parent undertaking of the Company was Barclays Infrastructure Funds Management Limited. The parent undertaking of the smallest group that presents consolidated financial statements is Barclays Bank PLC. The ultimate holding company and the parent company of the largest group that presents financial statements is Barclays PLC. All three companies are incorporated in Great Britain and registered in England. Barclays Bank PLC's and Barclays PLC's statutory financial statements are available from Barclays Corporate Secretariat, 1 Churchill Place London, E14 5HP.