3i BIFM Investments Limited

Annual report and financial statements
for the year to 31 March 2015

Registered Number : 06949026

Directors' report

Overview

The Directors present their report together with the audited financial statements of 3i BIFM Investments Limited (the 'Company') for the year to 31 March 2015. The Company is a subsidiary of 3i Holdings plc, which is part of 3i Group.

Activities and future prospects

The principal activity of the Company is to provide management services to limited partnership vehicles which invest in Public Private 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 is authorised and regulated by the Financial Conduct Authority ("FCA"). On 19 March 2015, the Company was granted a new regulatory status by the FCA reducing its "own funds requirement" from €125k to £5k.

There have been no changes in activity in the year and the Directors do not foresee any future changes.

No material changes have taken place from the balance sheet date to the reporting date and the Company is expected to continue with its principal activity.

Directors

N W Middleton	
B R Loomes	- appointed 11 April 2014
P J White	- appointed 15 May 2014
A Matthews	- resigned 13 February 2015

Disclosure of information to the Auditors

Pursuant to s418(2) of the Companies Act 2006, each of the Directors confirms that: (a) so far as they are aware, there is no relevant audit information of which the auditors are unaware; and (b) they have taken all steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of such information.

Independent auditors

Ernst & Young LLP were appointed as auditors for the year and will remain in office in accordance with section 487 (2) of the Companies Act 2006.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and financial statements in accordance with applicable United Kingdom law and those International Financial Reporting Standards (IFRSs) that have been adopted by the European Union.

Under Company Law, the Directors must not approve financial statements unless they are satisfied that they present fairly the financial position, financial performance and cash flows of the Company for that period. In preparing financial statements the Directors are required to:

• select suitable accounting policies in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;

• present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;

• provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance;

• state that the Company has complied with IFRSs, subject to any material departures disclosed and explained in the financial statements; and

• make judgements and estimates that are reasonable.

The Directors have a responsibility for ensuring that proper accounting records are kept which 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 financial statements comply with the Companies Act 2006. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

For and on behalf of the Board

Director N W Middleton
Date: 9/7/15

Strategic report

Results and business review

Total comprehensive income after tax for the year amounted to a profit of £5,521k (2014: loss of £1,425k). The Company did not pay a dividend during the year (2014: £1,580k). The Directors are recommending a dividend of £8,558k and a capital reduction of £2,420k.

An analysis of the Company's revenue is disclosed in note 1 to the financial statements.

Principal risks and uncertainties

The Company is a subsidiary of 3i Holdings plc, which is part of 3i Group. The Group sets objectives, policies and processes for managing and monitoring risk as set out in the Directors report in the 3i Group plc annual report.

The financial risks are described in further detail in note 9 to the financial statements.

Going concern

The Directors are satisfied that the Company has adequate resources to continue to operate for the foreseeable future. For this reason, they continue to adopt the going concern basis for preparing the financial statements.

This Strategic Report is approved on behalf of the Board by:

Director N W Middleton

Date: 9/7/15

Independent auditor's report to the members of 3i BIFM Investments Limited

We have audited the financial statements of 3i BIFM Investments Limited for the year ended 31 March 2015 which comprise the statement of comprehensive income, statement of changes in equity, statement of financial position, statement of cash flows and related notes 1 to 15. 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.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

As explained more fully in the statement of Directors' responsibilities 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 (APB's) Ethical Standards for Auditors.

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 Director's report and strategic report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on 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 March 2015 and of its profit 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.

Independent auditor's report to the members of 3i BIFM Investments

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and Directors' report for the financial period 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.

Ernst & Young LLP

James Stuart (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor

London
Date: 9/7/15

Statement of comprehensive income

	Notes	Year to 31 March 2015 £'000	15 months to 31 March 2014 £'000
Continuing operations:			
Revenue	1	10,344	11,707
Operating expenses	2	(4,823)	(12,948)
Profit/(loss) before tax		5,521	(1,241)
Income taxes	3	-	(184)
Profit/(loss) after tax and total comprehensive income/(loss) for the year/period		5,521	(1,425)

All items in the above statement are derived from continuing operations. No operations were acquired or discontinued in the year.

The Company has no recognised other compehensive income/losses other than those shown above.

Statement of changes in equity

	Issued capital £'000	Retained earnings £'000	Total £'000
Total equity at 1 January 2013	2,570	6,067	8,637
Total comprehensive loss for the period	-	(1,425)	(1,425)
Dividend paid	-	(1,580)	(1,580)
Total equity at 31 March 2014	2,570	3,062	5,632
Total comprehensive income for the year	-	5,521	5,521
Total equity at 31 March 2015	2,570	8,583	11,153

Statement of financial position

	Notes	31 March 2015 £'000	31 March 2014 £'000
Assets			
Non-current assets			
Investments in subsidiaries	4	-	-
Total non-current assets		-	-
Current assets			
Other receivables	5	1,357	5,450
Cash and cash equivalents		11,772	10,855
Total current assets		13,129	16,306
Total assets		13,129	16,306
Liabilities			
Current liabilities			
Trade and other payables	6	1,976	10,674
Total current liabilities		1,976	10,674
Total liabilities		1,976	10,674
Net assets		11,153	5,632
Equity			
Issued capital	7	2,570	2,570
Retained earnings		8,583	3,062
Total equity		11,153	5,632

The financial statements have been approved and authorised for issue by the Board of Directors.

N W Middleton

Director N W Middleton
Date: 9/7/15

Statement of cash flows

	Year to 31 March 2015 £'000	15 months to 31 March 2014 £'000
Cash flow from operating activities		
Cash receipts from customers	8,062	11,604
Cash paid to suppliers	(7,152)	(9,638)
Interest received	7	-
Net cash flow from operating activities	917	1,966
Cash flow from investment activities		
Dividend received	-	3,046
Cash flow from investment activities	-	3,046
Cash flow from financing activities		
Dividend paid	-	(1,580)
Cash flow from financing activities	-	(1,580)
Net increase in cash and cash equivalents	917	3,432
Cash and cash equivalents at the start of the year/period	10,855	7,423
Cash and cash equivalents at the end of the year/period	11,772	10,855
Cash and cash equivalents comprise:		
Cash at bank	11,772	10,855
Cash and cash equivalents at the end of the year/period	11,772	10,855

Accounting policies

A Statement of compliance These financial statements have been prepared in accordance with International Financial Reporting Standards and their interpretations issued or adopted by the International Accounting Standards Board as adopted for use in the European Union ("IFRS").

These financial statements have been prepared in accordance with and in compliance with the Companies Act 2006. The principal accounting policies applied in preparation of the financial statements are set out below and in the relevant notes to the financial statements.

The IASB has issued the following standards and interpretations to be applied to financial statements with periods commencing on or after the following dates:

		Effective for period beginning on or after
IFRS	Annual improvements 2010 to 2012 and 2011 to 2013	1 July 2014
IFRS	Annual improvements 2012 to 2014	1 July 2016
IFRS 9	Financial Instruments	1 January 2018
IFRS 15	Revenue from contacts with customers	1 January 2017

The Directors do not anticipate that the adoption of these standards, interpretations and amendments will have a material impact on the financial statements in the period of initial application and has therefore decided not to adopt these amendments early.

B Basis of preparation The financial statements have been prepared on a going concern basis and under the historical cost convention. They are presented in Sterling, the functional currency of the Company, and all values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Under the provision of Section 400 of the Companies Act 2006, consolidated accounts have not been prepared as the Company is a wholly owned subsidiary undertaking of 3i Holdings plc, which is a wholly owned subsidiary undertaking of 3i Group plc, a company incorporatd in Great Britain and registered in England and Wales. Copies of its group financial statements, which include the Company, are publicly available at its registered office: 16 Palace Street, London, SW1E 5JD.

Accounting policies

B Basis of preparation (continued) The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The most significant techniques for estimation are described in the accounting policies below.

The prior year financial statements have been prepared for a long accounting period of 15 months and therefore the current period amounts are not directly comparable with the prior year amounts.

C Revenue recognition Revenue is recognised on an accruals basis. Revenue includes the semi-annual management fee from the subsidiaries. Dividends from subsidiaries are recognised in the statement of comprehensive income when the Parent's rights to receive payment have been established.

D Operating expenses Operating expenses include the service fee paid by the Company to a fellow subsidiary. Operating expenses are recognised on accruals basis.

E Financial instruments Financial instruments are made up of other payables, other receivables and cash and cash equivalents. The Directors consider that the fair value of other payables and other receivables approximate their carrying value. The Directors do not believe that the Company is exposed to significant credit risk, liquidity risk, currency risk or interest rate risk and have not taken any specific actions to mitigate these financial risks (see note 9). There are no other financial instruments.

F Cash and cash equivalents Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents comprise cash and short-term deposits as defined above.

G Investments in subsidiaries Subsidiaries are entities controlled by the Company. Control exists when the Company has power, exposure to variable returns and the ability to use its power to govern the financial and operating policies of an entity so as to obtain a benefit from its activities. Investments in subsidiaries are held at fair value. The fair value of investment in subsidiary is reviewed on an annual basis and movement in the fair value is recorded through the profit or loss. The fair value of these subsidiaries are their net asset values subject to any adjustments where necesssary.

Accounting policies

H Income taxes Income taxes represent the sum of the tax currently payable, and deferred tax. Tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the tax is also dealt with in equity.

The tax currently payable is based on the taxable profit for the year/period. This may differ from the profit included in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods/years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit ('temporary differences'), and is accounted for using the statement of financial position liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised using tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Notes to the financial statements

1 Revenue

	Year to 31 Mar 2015	Period to 31 Mar 2014
	£'000	£'000
Management fee income	6,397	8,510
Dividend income	-	3,046
Other income	3,940	151
Bank interest income	7	-
	10,344	11,707

The management fee income is derived from the priority profit share income earned by the Company's general partner subsidiaries, details of which are included in note 4.

2 Operating expenses

	Year to 31 Mar 2015	Period to 31 Mar 2014
	£'000	£'000
Management services fee	5,757	12,115

The Directors of the Company are also Directors of fellow subsidiaries and receive remuneration from 3i plc. The Directors do not believe that it is practicable to apportion this amount between their services as Directors of the Company and their services as Directors of parent and fellow subsidiary companies.

The Company's contribution to pension schemes on behalf of Directors was nil (2014: nil). All pension contributions for the year were borne by 3i plc.

Directors' remuneration and certain direct and indirect costs were borne by 3i plc. These were recharged to the Company by way of a management services fee disclosed above.

Operating expenses do not include auditor's remuneration of £20,000 (2014: £19,500) as this is borne by 3i plc. Auditor's remuneration for the supply of non-audit services is not disclosed because the consolidated financial statements of the Company's ultimate parent (3i Group plc) are required to disclose such fees.

The Company had no employees during the year (2014: none).

The Company has entered into a Services Agreement with 3i plc as described in Note 9.

Notes to the financial statements

3 Income taxes

	Year to 31 Mar 2015	Period to 31 Mar 2014
	£'000	£'000
Current taxes		
UK Corporation tax	-	184
Total income taxes in the statement of comprehensive income	-	184

Reconciliation of income taxes in the statement of comprehensive income

The tax charge for the year/period is different to the standard rate of corporation tax in the UK, currently 21.0% (2014: 23.2%). The differences are explained below:

	Year to 31 Mar 2015	Period to 31 Mar 2014
	£'000	£'000
Profit/(loss) before tax	5,521	(1,241)
Profit/(loss) before tax multiplied by rate of corporation tax in the UK of 21.0% (2014: 23.2%)	1,159	(288)
Effects of:		
Tax losses surrendered as group relief	-	680
UK tax losses carried forwards	-	315
Non taxable profits relating to UK dividend income	-	(707)
Utilisation of tax losses claimed as group relief for nil consideration	(114)	-
Utilisation of tax losses brought forward	(229)	-
Non taxable income	(816)	-
Prior year adjustment	-	184
Total income taxes in the statement of comprehensive income	-	184

Notes to the financial statements

4 Investments in Subsidiaries

The investment in subsidiaries stated in the balance sheet is £57 (2014: £57).

Particulars of subsidiaries are as follows:

Country of registration or incorporation	Name	Percentage of equity share capital held
England	BEIF II Limited	100%
England	BEIF Management Limited	100%
England	BAM General Partner Limited	100%
England	BIIF GP Limited	100%
England	3i BIIF GP LLP	50%
England	3i BEIF II GP LLP	50%

These subsidiaries act as general partners in the limited partnerships managed by the Company, or as holding companies of such general partners. There are no restrictions on the profits of the subsidiaries and no guarantees exist between the parent and the subsidiaries.

5 Other receivables	31 Mar 2015	31 Mar 2014
	£'000	£'000
Other receivables	138	609
Amounts receivable from Group undertakings	1,219	4,841
	1,357	5,450

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

6 Other payables	31 Mar 2015	31 Mar 2014
	£'000	£'000
Other payables	141	677
Accruals	9	924
Amounts payable to Group undertakings	1,826	9,073
	1,976	10,674

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

Notes to the financial statements

7 Issued capital

	Number of shares '000	Ordinary shares £'000
Allotted, called up and fully paid ordinary shares of £1 each	2,570	2,570
At 31 March 2014 and 31 March 2015	2,570	2,570

8 Contingencies and commitments

There are no contingent liabilities and all identified liabilities have been disclosed in the balance sheet.

9 Financial risk management

Introduction

The Company's ultimate parent company is 3i Group plc. 3i Group sets objectives, policies and processes for managing and monitoring risk as set out in the Directors' report in the 3i Group plc annual report. This note provides further information on the specific risks faced by the Company.

Credit risk

The Directors believe that there is no significant credit risk arising on cash and deposits. The Company's non-Group related debtors are immaterial. The Company's principal credit risk arises on inter-company balances with subsidiaries and a sister group company. The Company's maximum exposure to credit risk is the value of the receivables balance as disclosed in note 5 and its cash balances, which are held at single A credit rated banks. The Directors believe that the residual credit risk is low. The risk exposure at this year end is considered to be representative of the year as a whole.

Liquidity risk

Liquidity risk is managed at the Group level as described in the Directors' report in the 3i Group plc annual report. In addition the Board reviews the ongoing liquidity needs of the Company on a regular basis. The Company's largest liability relates to payments due to 3i plc under the BIFM Services Agreement for the provision of personnel, office services, operations, management and financial reporting and compliance (e.g. regulatory advice) services. This fee is variable, reflecting (i) the income received by 3i BIFM Investments Limited as investment manager of BIIF LP, BEIF II LP, BEIF (UPP) LP, Alma Mater Fund LP and BIF WIP LP; (ii) the costs incurred by 3i BIFM Investments Limited, other than the services fee payable by it to 3i plc and (iii) ongoing obligations of 3i BIFM Investments Limited to meet its regulatory capital requirements. The linked nature of the fee gives the Company a relatively low liquidity risk. The risk exposure at this year end is considered to be representative of the year as a whole.

Market risk

The Directors do not believe that there is significant market risk as the Company does not hold fixed or floating rate loans or liabilities, foreign currency assets or liabilities, or investments which are exposed to market fluctuations. The risk exposure at this year end is considered to be representative of the year as a whole.

Notes to the financial statements

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

Total capital is as follows:	**31 Mar 2015**	**31 Mar 2014**
	£'000	**£'000**
Issued capital	2,570	2,570
Retained earnings	8,583	3,062
	11,153	5,632

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

The capital structure of the Company consists of equity. As an investment firm regulated by the Financial Conduct Authority, the Company's regulated capital requirement is reviewed regularly by the Board. The last submission to the Financial Conduct Authority, for the year to 31 March 2015, demonstrated a capital surplus in excess of the Financial Conduct Authority's prudential rules. On 19 March 2015, the Company was granted a new regulatory status by the FCA reducing its "own funds requirement" from €125k to £5k.

11 Parent undertaking and ultimate holding company

The Company's immediate parent undertaking is 3i Holdings plc and the ultimate parent is 3i Group plc.

3i Group plc is domiciled and incorporated in Great Britain and registered in England and Wales. Copies of its group financial statements, which include the Company, are available from 16 Palace Street, London, SW1E 5JD.

Notes to the financial statements

12 Country by country reporting

The *Capital Requirements (Country-by-Country Reporting) Regulations 2013* apply to the Company and information required to be published by these regulations is set out below.

The principal activity of the Company is to provide management services to limited partnership vehicles which invest in infrastructure investments. The Company carries on its principal activities in the UK and has no overseas offices or branches. The Company has four wholly owned UK incorporated and UK domiciled subsidiaries, and a 50% partnership interest in two UK Limited Liability Partnerships. These subsidiaries act as general partners in the infrastructure investment related limited partnerships managed by the Company, or as holding companies of such general partners. The subsidiaries of the Company are not in the scope of the Country-by-Country Reporting Regulations.

The information required to be disclosed by country is set out below. The only country applicable for the Company is the UK.

	Year to 31 March 2015 £'000	**15 months to 31 March 2014 £'000**
Turnover	10,344	11,707
Profit/(loss) before tax	5,521	(1,425)
Corporation tax paid	-	-
Public subsidies received	-	-

The Company is a member of the 3i Group of companies in the UK. The Company did not make any corporation tax payments during the year as its taxable profits, if any, were covered by losses surrendered as group relief by other companies in 3i Group.

The average number of full time equivalent employees of the Company during the year was nil. UK employees of 3i Group, of which the Company is currently a member, are employed by a sister group company, 3i plc.

Notes to the financial statements

13 Related parties

During the period the Company entered into transactions, in the ordinary course of business, with related parties. There were no transactions with Directors of the Company and there are no other key management personnel. Each of these categories of related parties and their impact on the financial statements is detailed below.

Parent Company

	Year to 31 Mar 2015 £'000	15 months to 31 Mar 2014 £'000
Dividend paid	-	1,580

Subsidiaries

Total fees received from the subsidiaries for management services, including any accrued fees due at the end of the period, are detailed below.

	Year to 31 Mar 2015 £'000	15 months to 31 Mar 2014 £'000
Management fees	6,397	8,510
Dividend income	-	3,046

Other balances receivable from/(payable to) the subsidiaries:

	As at 31 Mar 2015 £'000	As at 31 Mar 2014 £'000
Management fees accrued	784	1,298
Tax related balances	-	(3,886)

Other group companies

Transactions with a sister group company during the year amounted to:

	Year to 31 Mar 2015 £'000	15 months to 31 Mar 2014 £'000
Management services fee	5,757	11,344

Other balances receivable from/(payable to) fellow subsidiaries:

	As at 31 Mar 2015 £'000	As at 31 Mar 2014 £'000
Remuneration provision	-	(1,249)
Management services fee payable	(1,391)	-

Notes to the financial statements

14 Dividends

	2015 £ per share	2015 £'000	2014 £ per share	2014 £'000
Declared and paid during the year	-	-	0.61	1,580
Proposed dividend	3.33	8,558	-	-

15 Post balance sheet events

At a Board meeting held 11 June 2015, the Directors of the Company agreed in principle to consider carrying out a capital reduction of up to £2,420k during the year to March 2016. The released share capital would be paid back to the Company's parent company.