

JLIF HOLDINGS (STREET LIGHTING) LIMITED

**ANNUAL REPORT
AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2017**

Registered Number 09341871

WEDNESDAY



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01/08/2018 #62
COMPANIES HOUSE

JLIF HOLDINGS (STREET LIGHTING) LIMITED

DIRECTORS AND ADVISORS

Directors

J Pritchard
M McIntock

Company secretary

P Naylor

Company registered office

1 Kingsway
London
WC2B 6AN
United Kingdom

Auditor

Deloitte LLP
Statutory Auditor
London
United Kingdom

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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STRATEGIC REPORT

The Directors present the strategic report and financial statements for the year ended 31 December 2017.

Review of the business

JIIF Holdings (Street Lighting) Limited (the 'Company') incorporated on 4 December 2014. The Company completed the acquisition of 50% stake in Surrey Lighting project on 19 December 2014.

During the year, the company continued to receive revenues from its investments in the form of interest on sub debt loans and dividends. The Company reports a loss after tax for the year of £182,000 (2016: profit of £39,000) and a positive movement in investments at fair value of £41,000 (2016: negative movement of £212,000).

The Company meets the definition in IAS 28 (May 2011) Investments in Associates and Joint Ventures of a venture capital organisation or similar entity and upon initial recognition has designated its investment in joint venture and associates at fair value through profit or loss. The Company therefore measures its interest in joint ventures and associates at fair value in accordance with IAS39 Financial Instruments: Recognition and Measurement and IFRS 13 Fair Value Measurement, with changes in fair value recognised in profit or loss in the period of the change.

Going concern

The Company's undertakings are held at fair value in the Statement of Financial Position with movements recorded through the Income Statement as explained in note 1. In order to determine the fair value of these investments, the Company takes into consideration the fair value of the underlying portfolio companies.

The Directors have considered the use of the going concern basis in the preparation of the financial statements in light of current market conditions and concluded that it is appropriate. In reaching this conclusion, the Directors have specifically considered the Company's activity and forecast over the next 12 months and the Company's relationship with its immediate parent. More information is provided in note 1 to the financial statements.

Principal risks and uncertainties

The principal risk faced by the Company is credit risk in relation to its investment. Credit risk is mitigated by the Company holding an investment in a PPP project, which are supported by central and local government bodies. Credit risk is subsumed within the overall Company's performance risk. Please refer to note 22 for further details on the Company's financial instruments and risks, including credit risk.

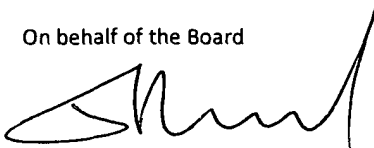
Key performance indicators

The key performance indicator for the Company is the net assets attributable to shareholders, as detailed on page 7 of the financial statements.

Future developments

In 2018 the Directors do not foresee any changes in the business or the underlying project.

On behalf of the Board



J Pritchard

Director

19 July 2018

DIRECTORS' REPORT

The Directors present their annual report and financial statements for the year ended 31 December 2017.

Results and dividends

The Company's results for the year are set out on Page 6 of the financial statements.

The Company did not pay an interim dividend during the year (2016: £nil). The Directors do not recommend payment of a final dividend.

Directors

The Directors who served throughout the year, were as follows:

J Pritchard
M McLintock

Directors' indemnities

The Company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' Report.

Principal risks and uncertainties

The principal risk faced by the Company is credit risk in relation to its investment. Credit risk is mitigated by the Company holding an investment in a PPP project, which are supported by central and local government bodies. Credit risk is subsumed within the overall Company's performance risk. Please refer to note 22 for further details on the Company's financial instruments and risks, including credit risk.

Future developments

In 2018 the Directors do not foresee any changes in the business or the underlying project.

Auditor

In accordance with the Company's articles, a resolution proposing that Deloitte LLP be reappointed as auditor of the Company will be put at a General Meeting.

Statement of disclosure to auditor

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

- as far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of section 418 of the Companies Act 2006.

On behalf of the Board



J Pritchard
Director

19 July 2018

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with 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, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- 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 are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

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 to 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.

Independent auditor's report to the members of JLIF Holdings (Street lighting) Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of JLIF Holdings (Street lighting) Limited (the 'company') which comprise:

- the income statement;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 23.

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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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 these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

Independent auditor's report to the members of JLIF Holdings (Street lighting) Limited (continued)

Auditor's 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 auditor's 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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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 auditor's 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.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.


In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.



John Clacy FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London

United Kingdom

19 July 2018

INCOME STATEMENT

for the year ended 31 December 2017

		2017	2016
	Notes	£'000s	£'000s
Interest Income		572	573
Dividend Income		105	374
Net gain/(loss) on investments at fair value through profit or loss	10	41	(212)
Operating income		718	735
Administrative expenses		(3)	(2)
Operating profit	3	715	733
Finance costs	7	(990)	(710)
(Loss)/profit before tax		(275)	23
Tax credit	8	93	16
(Loss)/profit for the year	17	(182)	39

The Income Statement has been prepared on the basis that all operations are continuing operations.

There are no items of Other Comprehensive Income in the reported period, and therefore no separate Statement of Comprehensive Income has been presented.

The notes on pages 9 to 21 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
as at 31 December 2017

	Notes	2017 £'000s	2016 £'000s
Non-current assets			
Investments at fair value through profit or loss	10	9,399	9,454
Current assets			
Trade and other receivables	11	1,968	293
Total assets		11,367	9,747
Current liabilities			
Trade and other payables	14	(2,023)	(181)
Net current (liabilities)/assets		(55)	112
Non-current liabilities			
Borrowings	12	(6,974)	(7,002)
Deferred tax liabilities	13	-	(12)
Total non-current liabilities		(6,974)	(7,014)
Total liabilities		(8,997)	(7,195)
Net assets		2,370	2,552
Equity			
Share capital	15	-	-
Share premium account	16	-	-
Retained earnings	17	2,370	2,552
Total equity		2,370	2,552

The financial statements were approved by the Board of Directors and authorised for issue on 19 July 2018 signed on its behalf by:

The notes on pages 9 to 21 form part of these financial statements.

J Pritchard
Director



Company Registration No. 09341871

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2017

Statement of Changes in Equity in 2017

	Notes	Share capital £'000s	Share premium account £'000s	Retained earnings £'000s	Total equity £'000s
Balance at 1 January 2017	15	-	-	2,552	2,552
Loss for the year		-	-	(182)	(182)
Total comprehensive income for the year		-	-	(182)	(182)
Balance at 31 December 2017		-	-	2,370	2,370

Statement of Changes in Equity in 2016

	Notes	Share capital £'000s	Share premium account £'000s	Retained earnings £'000s	Total equity £'000s
Balance at 1 January 2016		-	2,723	(210)	2,513
Profit for the year		-	-	39	39
Reduction in share premium	16	-	(2,723)	2,723	-
Total comprehensive income for the year		-	(2,723)	2,762	39
Balance at 31 December 2016		-	-	2,552	2,552

The notes on pages 9 to 21 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

1 Accounting policies

1.1 Company information

JLIF Holdings (Street Lighting) Limited (the 'Company') is a private limited company, domiciled and incorporated in England and Wales, having its registered office at 1 Kingsway, London United Kingdom, WC2B 6AN and having company registration number 09341871. The Company is wholly owned by JLIF Limited Partnership, the limited partner of which is JLIF LuxCo 2 S.á.r.l. The limited partner is an indirectly wholly owned subsidiary of John Laing Infrastructure Fund Limited. The Company invests in PPP infrastructure projects.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted for use in the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements are prepared in sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £000.

The financial statements have been prepared on the historical cost basis, except that the following assets and liabilities are stated at their fair values: financial assets classified at their fair value through profit or loss.

The Company has not adopted during the year any new and revised International Financial Reporting Standards interpretations and amendments. At the date of approval of these financial statements, the Company has not applied the following new and revised IFRS standards that have been issued but are not yet effective and have not yet been adopted by the EU:

- IFRS 9 Financial Instruments (effective 1 January 2018)
- IFRS 15 Revenue from Contracts with Customers (effective 1 January 2018)
- IFRS 16 Leases (effective 1 January 2019)
- IFRS 17 Insurance Contracts (effective 1 January 2021)
- Classification and Measurement of Share-based Payment Transactions (amendments to IFRS 2) (effective 1 January 2018)
- Annual Improvements to IFRSs 2014-2016 Cycle (effective 1 January 2018)
- Transfers of Investment Property (amendments to IAS 40) (effective 1 January 2018)
- Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28) (effective 1 January 2019)
- Prepayment Features with Negative Compensation (Amendments to IFRS 9) (effective 1 January 2019)
- IFRIC 22 Foreign Currency Transactions and Advance Consideration (effective 1 January 2018)
- IFRIC 23 Uncertainty over Income Tax Treatments (effective 1 January 2019)

The Directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Company in future periods.

A summary of the principal accounting policies adopted by the Directors, which have been applied consistently throughout the current and preceding year, is shown below.

1.3 Going concern

Having reviewed the Company's investment portfolio including the associated future cash requirements and forecast receipts, the Directors are satisfied that they have a reasonable expectation that the Company will have access to adequate resources to continue in existence for the foreseeable future, at least 12 months from the date of signing these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

The Company has an investment in one operational PPP project which yields annual interest, dividends and loan repayments. The cash flow from the project yield comfortably covers the Company's expected cash flow requirements for overheads and loan servicing.

The Company's forecasts and projections, taking account of reasonably possible changes in counterparty performance, show that the Company expects to be able to continue to operate.

The Directors have at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2017

1 Accounting policies (continued)

1.4 Operating income

(i) Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time-apportioned basis, using the effective interest rate of the instrument concerned as calculated at the acquisition or origination date. Interest income is recognised gross of withholding tax, if any.

(ii) Dividend income

Dividend income is recognised when the Company's right to receive the payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably). Dividend income is recognised gross of withholding tax, if any, and only when paid by the PPP project company.

(iii) Gains on investments at fair value through profit or loss

Gains or losses that arise from the movement in the fair value of investments are presented separately from interest income and dividend income above.

1.5 Investments in joint ventures and associates

The Company meets the definition in IAS 28 (May 2011) Investments in Associates and Joint Ventures of a venture capital organisation or similar entity and upon initial recognition has designated its investment in joint ventures and associates at fair value through profit or loss. The Company therefore measures its interests in joint ventures and associates at fair value in accordance with IAS 39 Financial Instruments: Recognition and Measurement and IFRS 13 Fair Value Measurement, with changes in fair value recognised in profit or loss in the period of the change.

1.6 Cash and cash equivalents

Cash and cash equivalents comprise cash balances, deposits held on call with banks and other short-term highly liquid deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand are included as a component of cash and cash equivalents for the purpose of the cash flow statement. Deposits held with original maturities of greater than three months are included in other financial assets.

The Company holds no cash or cash equivalents and has not held any cash or cash equivalents during the year, and therefore there have been no cash transactions during the year. All transactions have been conducted through intercompany transactions. As such, no cash flow statement has been prepared.

1.7 Borrowing costs

All borrowing costs are recognised in the Income Statement in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2017

1 Accounting policies (continued)

1.8 Financial assets

Financial assets are recognised in the Company's statement of financial position when the Company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Financial assets are initially measured at fair value plus transaction costs.

Financial assets at fair value through profit or loss

Investments at fair value through profit or loss

Investments at fair value through profit or loss are designated upon initial recognition as financial assets at fair value through profit or loss. The Company's policy is to fair value both the equity and subordinated debt investments in PPP assets together. Subsequent to initial recognition, the investments are measured on a combined basis at fair value with changes recognised within operating income in the Income Statement.

The Company's investments comprise both equity and debt. Both elements are exposed to the same primary risk, being performance risk. This performance risk is taken into consideration when determining the discount rate applied to the forecast cash flows. In determining fair value, we have considered observable market transactions and have measured fair value using assumptions that market participants would use when pricing the asset including assumptions regarding risk. The debt and equity are considered to have the same risk characteristics. As such the debt and equity form a single class of financial instrument for the purposes of disclosure. The Company measures its investment as a single class of financial asset at fair value in accordance with IFRS 13 'Fair Value Measurement'.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition. These are included in current assets, except where maturities are in greater than 12 months after the Balance Sheet date, which are classified as non-current assets. The Company's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the Statement of Financial Position.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity. The transfer qualifies for derecognition in accordance with IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS13 'Fair Value Measurement'.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2017

1 Accounting policies (continued)

1.9 Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the Company's obligations are discharged, cancelled, or they expire.

1.10 Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

1.11 Fair value estimation

1) Investments at fair value through profit or loss

Fair value is calculated by discounting future cash flows, from investments in both equity (dividends and equity redemptions) and subordinated loans (interest and repayments); to the Company at an appropriate discount rate. The basis of discount rates are long run average government bond rates adjusted for an appropriate premium to reflect PPP specific risk. Risk premia are then added to this adjusted base gilt rate depending on the phase of the project. The discount rates that have been applied to the investments at 31 December 2017 were in the range of 7.00% to 9.50% (2016: 7.02% to 9.00%). (Refer to note 10 for details of the areas of estimation in the calculation of the fair value).

2) Loans and receivables, borrowings and payables

Loans and borrowings are held at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2017

1 Accounting policies (continued)

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

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, and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. 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. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Investments at fair value through profit or loss

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the fair value of assets and liabilities that affect reported amounts.

Critical accounting judgements

Fair value of PPP investments

Fair values for those investments for which a market quote is not available are determined using the income approach which discounts the expected cash flows at the appropriate rate. The Directors have applied their judgement in determining this valuation methodology and concluded that this is the most appropriate valuation method given the predictability and nature of the underlying cash flows generated from the investments.

Key assumptions and sources of estimation uncertainty

Estimates such as future cash flows are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from these estimates. These cash flows also contain various assumptions, most significantly the inflation rate, deposit rate and tax rates used in forecasting the expected cash flows for each period. Sensitivities to these critical assumptions and their impact on the fair value of investments at fair value through profit and loss is disclosed in note 10.

In determining the discount rate, management applies their judgement in determining the appropriate risk-free rates and specific risks, and consider the evidence of recent transactions. Management deems the discount rate to be one of the most significant unobservable inputs and any change in it could have a material impact on the fair value of the investments. Underlying assumptions and discount rates are disclosed in note 10.

Investment entities

The Directors have satisfied themselves that the PPP investments share the same investment characteristics and as such constitute a single asset class for IFRS 7 disclosure purposes.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2017

3. Operating profit for the year

The operating profit is attributable to the principal activity of the Company, all of which was carried out in the United Kingdom.

4. Auditors' remuneration

The analysis of auditor's remuneration is as follows:

Fees payable to the Company's auditors for the audit of the Company's financial statements

2017 £'000s	2016 £'000s
3	2

5. Employees

The Company had no employees during the current year.

6. Directors' remuneration

No Directors received any remuneration for services to the Company during the year.

7. Finance Costs

Other interest payable

2017 £'000s	2016 £'000s
990	710

8. Tax

Corporation Tax

Other tax reliefs

2017 £'000s	2016 £'000s
(81)	(28)

Deferred Tax

Derecognition of Deferred tax liability

Origination and reversal of timing differences

Total Deferred tax

Total credit on profit

(12)	-
-	12
(12)	12
(93)	(16)

The charge for the year can be reconciled to the profit per the income statement as follows:

(Loss)/profit before taxation on continued operations

(Loss)/profit on ordinary activities multiplied by the blended rate of corporation tax in the UK of 19.25% (2016: 20%)

Effect of:

Expenses not deductible in determining taxable profit

Non-taxable UK dividends received

Net (gain)/loss on investments at fair value through profit or loss

Origination and reversal of timing differences

Derecognition of Deferred tax liability

Total adjustments

Tax (credit) for the year

2017 £'000s	2016 £'000s
(275)	23
(53)	5
1	-
(20)	(75)
(9)	42
-	12
(12)	-
(40)	(20)
(93)	(16)

The government substantively enacted in the Finance Act 2016 the Corporation Tax main rate in the United Kingdom at 19% for the years starting 1 April 2017, 2018 and 2019, and a further reduction to 17% for the year starting 1 April 2020.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2017

9. Dividends

	2017	2016
	per share (£)	per share (£)
	£'000s	£'000s
Amounts recognised as distributions to equity holders:		
Interim dividend paid	-	-

10. Investments at fair value through profit or loss

	2017	2016
Opening balance	9,454	9570
Dividends received from investments*	(105)	(374)
Interest received from investments*	(572)	(573)
Loan stock and equity repayments	-	-
Movement in accrued interest	(96)	96
Unwind of discount rate and other movements*	654	439
Discount rate movement*	64	296
Fair value of the Company's investment at 31 December	9,399	9,454

The Company has not designated any financial assets that are not classified as held for trading as financial assets at fair value through profit or loss.

*Net profit on investments at fair value through profit or loss for the year ended 31 December 2017 is £41,000 (2016: loss £212,000)

Fair value of financial assets carried at amortised cost

The Directors consider that the carrying amounts of financial assets carried at amortised cost in the financial statements approximate to their fair values.

Except as detailed below the Directors believe that the carrying amounts of financial assets carried at amortised cost in the financial statements approximate to their fair values.

The Ultimate Parent Company's Investment Advisor has carried out fair market valuations of the investments as at 31 December 2017. The Directors have satisfied themselves as to the methodology used, the discount rates applied and the valuation. The investments are all investments in PPP projects and are valued using a discounted cash flow methodology. The valuation techniques and methodologies have been applied consistently with the methodology used to value the Investments since the launch of the ultimate parent company John Laing Infrastructure Fund Limited in 2010. Discount rates applied range from 7.00% to 9.50% (2016: 7.02% to 9.00%) for the John Laing Infrastructure Fund Limited.

The following economic assumptions were used in the discounted cash flow valuations:

	2017	2016
Long term Inflation rates - UK	2.75%	2.75%
Deposit interest rates (UK)	1% for 2018 and rising to 2.50% from 2021	1% for 2017 and rising to 2.75% from 2020

The government substantively enacted in the Finance Act 2016 the Corporation Tax main rate in the United Kingdom at 19% for the years starting 1 April 2017, 2018 and 2019, and a further reduction to 17% for the year starting 1 April 2020. The fair value of the PPP investments would be unchanged if the UK Corporation tax rate was to decrease or increase by 1%.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2017

10. Investments at fair value through profit or loss (continued)

The fair value of the investment would be an estimated £0.9 million higher or £0.8 million lower if the discount rate used in the discounted cash flow analysis were to differ by 1% from that used in the fair value calculation (2016: estimated £1.0 million higher or £0.8 million lower). The weighted average discount rate for the ultimate parent's PPP portfolio including this investment as at 31 December 2017 was 7.74% (2016: 7.87%).

The fair value of the PPP investment would be an estimated £0.2 million higher if the inflation rate used in the discounted cash flow analysis was an absolute 1% higher than that used in the fair value calculation, and £0.3 million lower if the inflation rate was an absolute 1% lower (2016: estimated £0.3 million higher or £0.3 million lower). The long term inflation rate assumed for all future periods from 31 December 2017 was 2.75% for the projects (2016: 2.75%).

The fair value of the PPP investments would be an estimated £0.4 million higher or £0.3 million lower if the deposit rates used in the discounted cash flow analysis were to differ by 1% from that used in the fair value calculation (2016: estimated £0.3 million higher or £0.4 million lower). The deposit rates assumed for all future periods from 31 December 2017 were 1% for 2018, gradually rising to 2.50% from 2021 for the projects.

Details of the investment recognised at fair value through profit or loss was as follows;

	% Holding	
	Equity	Subordinated loan stock
SLS Holding Company Limited	50%	50%

11. Trade and other receivables

	2017 £'000s	2016 £'000s
Amount due from parent undertaking	1,859	236
Other receivables	109	57
	1,968	293

12. Borrowings

	2017 £'000	2016 £'000
Loans from parent undertaking	6,974	7,002

Analysis of borrowings

Borrowings are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2017 £'000	2016 £'000
Non-current liabilities	6,974	7,002

The loans from parent company comprise of two interest bearing loan notes entered into for the purpose of acquiring the investment, which is detailed in note 21. The loan note agreements fix the loan interest rate between 6.03% to 12.15%. Both loans have different repayment schedules and will be repaid per agreed repayment schedules.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2017

13. Deferred tax liability

	2017	2016
	£'000	£'000
Non-current liabilities		
Deferred Tax Liability	-	12
Balance at 31 December	-	12

An initial deferred tax liability was recognised on the subordinated debt interest income included in the fair value of the investments. The Directors have performed a review of the Deferred tax treatment and components of the fair value of investment and no longer deem it appropriate to recognise a tax liability and have therefore released the Deferred tax position in the year.

14. Trade and other payables

	2017	2016
	£'000	£'000
Amount due to parent undertaking	2,021	178
Intercompany creditors	-	1
Trade creditors	-	1
Accruals	2	1
	2,023	181

15. Share capital

	2017	2016
	£000	£000
Issued and fully paid		
101 Ordinary shares of £1 Each	-	-

16. Share premium account

	2017	2016
	£'000	£'000
Opening balance	-	2,723
Share capital reduction	-	(2,723)
At 31 December	-	-

17. Retained earnings

	2017	2016
	£'000	£'000
Opening balance	2,552	(210)
(Loss)/profit for the year	(182)	39
Share capital reduction (note 16)	-	2,723
Dividends	-	-
	2,370	2,552

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2017

18. Capital commitments

At 31 December 2017 the company had no commitments (2016: £nil).

19. Related party transactions

As a wholly owned subsidiary of John Laing Infrastructure Fund Limited, the Company has taken advantage of the exemption under IAS 24 (revised), 'Related party disclosures' not to provide information on related party transactions with other undertakings within the John Laing Infrastructure Fund Limited Group. Note 20 gives details of how to obtain a copy of the published financial statements of John Laing Infrastructure Fund Limited.

The following transactions took place between the Company and its joint ventures during the year:

	2017 £'000s	2016 £'000s
SLS Holding Company Limited		
Income statement		
Subordinated loan interest	572	573
Dividends	105	374
Balance due*		
Subordinated loan	4,574	4,574
Subordinated loan interest	144	240

* forms part of the investments at fair value through profit and loss

20. Controlling party

The Company's immediate parent entity is the JLIF Limited Partnership, a limited partnership established in England under the Limited Partnership Act 1907, which acts through its General Partner, JLIF (GP) Limited, registered in England and Wales. The Company's immediate parent entity is incorporated in Great Britain and the registered address is 1 Kingsway, London, WC2B 6AN.

The Company's ultimate parent and controlling entity is John Laing Infrastructure Fund Limited, a company incorporated in Guernsey, Channel Islands. Copies of the financial statement of John Laing Infrastructure Fund Limited are available from its website www.jlif.com.

21. Investments in joint venture

Details of the Company's investments in joint venture at 31 December 2017 are as follows:

Name of Joint Venture	Registered address office	Country of incorporation (or residence)	Proportion of ownership interest (%)	Financial year £'000s	Net assets/ (Liabilities) £'000s	Profit for the year £'000s
SLS Holding Company Limited	**	United Kingdom	50%	31/12/2017	-	-
Surrey Lighting Services Limited*	**	United Kingdom	50%	31/12/2017	(17,675)	262

* Indirectly held by the Company

** 8 White Oak Square, London Road, Swanley, Kent, BR8 7AG

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2017

22. Financial instruments

Capital risk management

The capital structure of the Company consists of net debt less cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in notes 15, 16 and 17.

The Group aims to deliver its objective by investing available cash and using leverage whilst maintaining sufficient liquidity to meet ongoing expenses and dividend payments. The Group's Investment Policy is set out on pages 18 to 19 of the Annual Report.

Gearing ratio

As at the reporting date, the Company had outstanding debt of £7 million (2016: £7 million) which represented a gearing ratio of 75% (2016: 75%).

Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including foreign currency exchange rate risk, interest rate risk and inflation risk), credit risk, liquidity risk, and capital risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Company's investment entities use derivative financial instruments to hedge certain risk exposures.

The financial risks of the Company's investments are hedged at the inception of a project. The various types of financial risk are managed as follows:

Market risk - interest rate risk

The Company's interest rate risk arises from within its investments.

Market risk - inflation risk

The investment has part of its revenue and some of its costs linked to a specific inflation index at inception of the project. This creates a natural hedge, meaning a derivative does not need to be entered into in order to mitigate inflation risk.

Credit risk

Credit risk is the risk that a counterparty of the Company, its subsidiaries or its PPP project companies will default on the contractual obligations they entered into. Credit risk is subsumed within the overall Company's performance risk. Credit risk is managed by the Company's ultimate parent.

The Company and its subsidiary rely on the performance of their main counterparties where credit risk arises, mainly from the Company's investments in PPP projects.

The performance risk arises from the PPP investments' inability to pay the forecast distributions as the Company relies on its PPP investments project companies to perform adequately and return the expected yields.

Several factors could hinder this ability such as poor operational performance, exceptional expenditures, major maintenance overspend or an event that would affect the PPP project company's cover ratios. The PPP investments are also dependent on the performance of their main operational contractors. The Company's ultimate parent regularly monitors the contractors' concentration and financial strength.

The parent company Directors and Investment Adviser regularly assess the returns forecast from PPP investments through the update of cash flow forecasts and by monitoring the operational and financial performance of these investments with regular performance meetings.

The PPP investments' project companies receive regular, long-term, index-linked revenue from government departments, public-sector or local authority clients or directly from the public via real tolls, providing a stable and low-risk income stream.

Credit risk also arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions. The company's ultimate parent mitigates its risk on cash investments and derivative transactions by only transacting with banking counterparties with high credit ratings assigned by international credit rating agencies (a minimum of Standard and Poor's A-1).

The Directors believe that the Company is not significantly exposed to credit risk and that its investments' underlying risks are monitored and sufficiently mitigated for the investments to deliver the expected return.

The Directors have considered the above factors and the discount rate sensitivities disclosed in note 8 and does not consider it appropriate to present a separate analysis of credit risk.

Liquidity risk

The Company adopts a prudent approach to liquidity management by maintaining sufficient cash and available committed facilities to meet its obligations. Due to the nature of its investment (PPP project) the timing of cash outflows is reasonably predictable and, therefore, is not a major risk to the Company.

The Company's liquidity management policy involves projecting cash flows in major currencies and assuming the level of liquid assets necessary to meet these.

Capital risk

The Company's capital structure comprises its equity and intercompany debt (refer to the Statement of Changes in Equity). As at 31 December 2017 the Company had no external debt outstanding.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2017

22. Financial instruments (continued)

Financial instruments by category:

31 December 2017					
Levels	Cash and bank balances 1 £'000s	Loans and receivables 1 £'000s	Financial assets at FVTPL* 3 £'000s	Financial liabilities at amortised cost 1 £'000s	Total £'000s
Non-current assets					
Investments at fair value	-	-	9,399	-	9,399
Current assets					
Finance receivables at fair value through profit and loss	-	1,968	-	-	1,968
Total financial assets	-	1,968	9,399	-	11,367
Current liabilities					
Trade and other payables	-	-	-	(2,023)	(2,023)
Non-current liabilities					
Interest bearing loans and borrowings	-	-	-	(6,974)	(6,974)
Total financial liabilities	-	-	-	(8,997)	(8,997)
Net financial instruments	-	1,968	9,399	(8,997)	2,370

31 December 2016					
Levels	Cash and bank balances 1 £'000s	Loans and receivables 1 £'000s	Financial assets at FVTPL* 3 £'000s	Financial liabilities at amortised cost 1 £'000s	Total £'000s
Non-current assets					
Investments at fair value	-	-	9,454	-	9,454
Current assets					
Finance receivables at fair value through profit and loss	-	293	-	-	293
Total financial assets	-	293	9,454	-	9,747
Current liabilities					
Trade and other payables	-	-	-	(181)	(181)
Non-current liabilities					
Interest bearing loans and borrowings	-	-	-	(7,002)	(7,002)
Total financial liabilities	-	-	-	(7,183)	(7,183)
Net financial instruments	-	293	9,454	(7,183)	2,564

* FVTPL = Fair value through profit or loss

The above table provides an analysis of financial instruments that are measured subsequent to their initial recognition at fair value as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs to the asset or liability that are not based on observable market data (unobservable inputs).

There were no Level 2 assets or liabilities during the year (2016: none). There were no transfers between Level 1 and 2, Level 1 and 3 or Level 2 and 3 during the year (2016: none).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2017

22. Financial instruments (continued)

Reconciliation of Level 3 fair value measurement of financial assets and liabilities

An analysis of the movement between opening to closing balances of the investments at fair value through profit or loss is given in note 10. For financial assets at fair value through profit or loss, changing the discount rate used to value the underlying instrument would alter the fair value.

The investment at fair value through profit or loss, whose fair values include the use of level 3 inputs, are valued by discounting future cash flows from the investment in both equity (dividends and equity redemptions) and subordinated loans (interest and repayments) to the Company at an appropriate discount rate. The basis of each discount rate, which is a weighted average cost of capital, is a long run average government bond rates adjusted by an appropriate premium to reflect PPP specific risk, phase of the PPP project and counterparty credit risk. The weighted average discount rate applied was in the range of 7.00% to 9.50% (2016: 7.02% to 9.00%). The discount rate is considered the most significant unobservable input through which an increase or decrease would have a material impact on the fair value of the investments at fair value through profit or loss.

The fair value of the investment would be an estimated £0.9 million higher or £0.8 million lower if the discount rate used in the discounted cash flow analysis were to differ by 1% from that used in the fair value calculation (2016: estimated £1.0 million higher or £0.8 million lower). The weighted average discount rate for the ultimate parent's PPP portfolio including this investment as at 31 December 2017 was 7.74% (2016: 7.87%).

For a sensitivity analysis of Financial Assets at fair value through profit or loss, refer to Note 10.

23. Disclosure - service concession arrangements

The Company holds an investment in a service concession arrangement. The concession requires the construction and operation of an asset during the concession period. The operation of the asset includes the provision of facilities management services. At the end of the concession period the assets are returned to the concession provider. As at 31 December 2017 the service concession was fully operational.

The rights of both the concession provider and concession operator are stated within the specific project agreement. The standard rights of the provider to terminate the project include poor performance and in the event of force majeure. The operator's rights to terminate include the failure of the provider to make payment under the agreement, a material breach of contract and relevant changes of law which would render it impossible for the service company to fulfil its requirements.

Sector	Company name	Project name	% owned	Short description of concession arrangement	Period of concession		No. years	Project capex
					Start date	End date		
Street Lighting	Surrey Lighting Services Limited	Surrey Street Lighting	50%	Installation and maintenance of street lighting.	27/11/2009	28/02/2035	25	Replacement column programme costing £79 million.