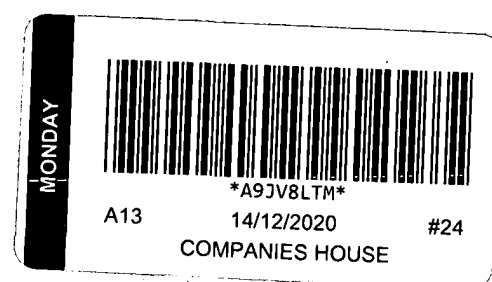


**Innisfree Group Limited
and subsidiary undertakings**

Annual Report & Accounts
31 March 2020





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DIRECTORS AND PROFESSIONAL ADVISERS
for the year ended 31 March 2020

DIRECTORS

David Metter (Chief Executive)
Matthew Webber
Tim Pearson
David Burton

SECRETARY

David Burton

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside
London SE1 2RT

SOLICITORS

Hogan Lovells International LLP
Atlantic House
Holborn Viaduct
London EC1A 2FG

and

Shearman & Sterling (London) LLP
Broadgate West
9 Appold Street
London EC2A 2AP

BANKERS

The Royal Bank of Scotland plc
London Drummonds Branch
49 Charing Cross
London SW1A 2DX

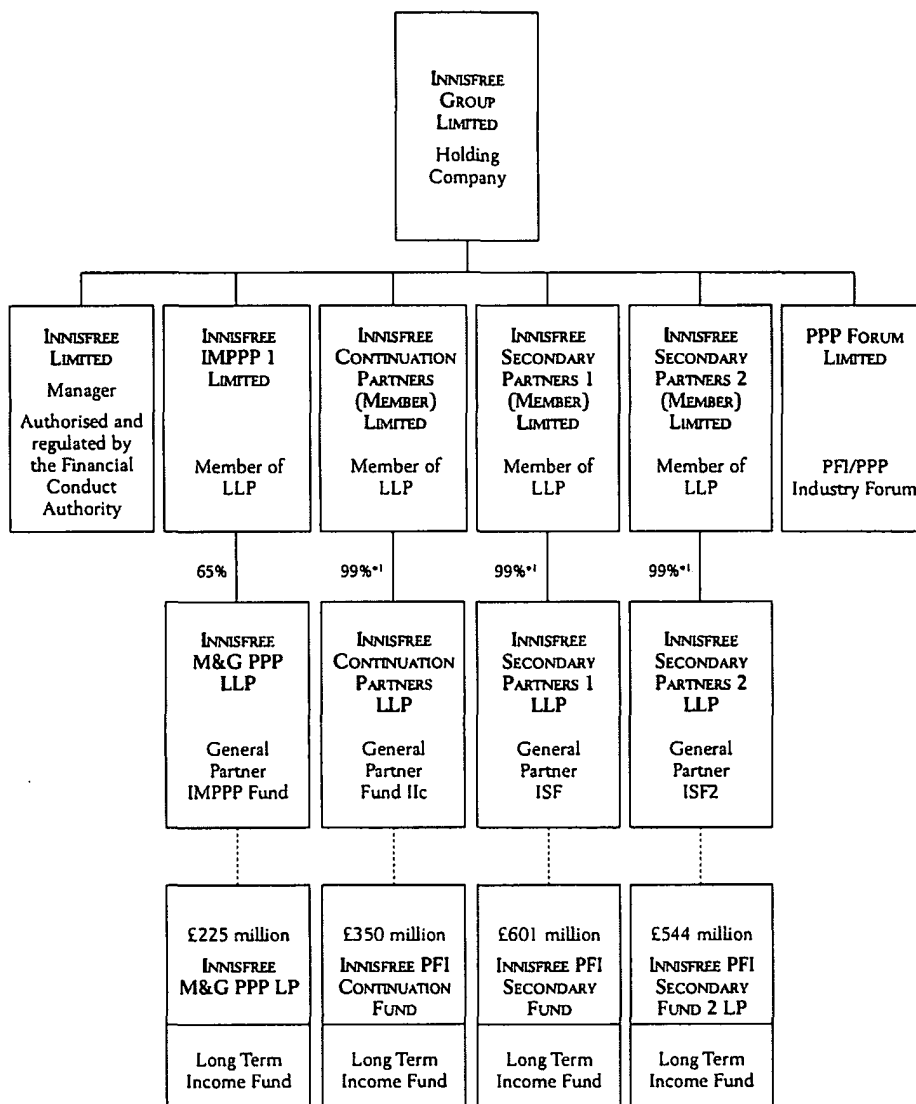
HEADQUARTERS AND REGISTERED OFFICE

First floor, Boundary House
91/93 Charterhouse Street
London EC1M 6HR



CORPORATE STRUCTURE – PRINCIPAL ENTITIES

as at 31 March 2020



*1. The remaining 1% partnership share in Innisfree Continuation Partners LLP, Innisfree Secondary Partners 1 LLP and Innisfree Secondary Partners 2 LLP is held by Innisfree Partners (Second Member) Limited.



STRATEGIC REPORT

for the year ended 31 March 2020

RESULTS AND REVIEW OF THE BUSINESS

Innisfree is a leading equity investor in UK and international PFI and PPP public-private sector infrastructure projects. Innisfree has £1.7 billion of funds under management in 4 long term infrastructure funds. Innisfree has committed £1.6 billion to 57 projects (2019 - £1.6 billion, 57 projects). Together these projects amount to £18.4 billion (2019 - £18.4 billion) in capital value.

The Group profit before taxation was £13,529,000 (2019 - £12,772,000).

FUNDS UNDER MANAGEMENT

The funds under management at 31 March 2020 comprised Innisfree M&G PPP LP ('IMPPP Fund'), Innisfree PFI Continuation Fund ('Fund IIC'), Innisfree PFI Secondary Fund ('ISF'), and Innisfree PFI Secondary Fund 2 LP ('ISF2') (together, the 'Innisfree Funds'). The Innisfree Funds are as follows:

	Final Closing	Fundraising Status	Fund Investing Status	Fund Size (£ million)
IMPPP Fund	2002/6	Closed	Closed	225
Fund IIC	2006	Closed	Closed	350
ISF	2008	Closed	Closed	601
ISF2	2013	Closed	Open	544

IMPPP Fund is managed jointly by Innisfree Limited and M&G Investment Management Limited, a subsidiary of M&G plc.

KEY PERFORMANCE INDICATORS

The directors consider funds under management and profit before tax to be the key performance indicators for the Group. Performance for the year against these has been outlined above.

On behalf of the Board,

D.J. Burton
Director and Company Secretary
26 June 2020



DIRECTORS' REPORT
for the year ended 31 March 2020

Registered Number: 3078732

The directors present their annual report on the affairs of the Group, together with the audited consolidated accounts and Independent Auditors' Report, for the year ended 31 March 2020.

PRINCIPAL ACTIVITY AND FUTURE DEVELOPMENTS

The principal activity of the Group is the management of private equity funds investing in UK, European and Canadian PFI/PPP projects. The principal activity of the Company is that of a holding company. The directors expect the Company and Group to carry on business in a similar fashion in the future.

A subsidiary of the Company, Innisfree Limited, is authorised and regulated by the Financial Conduct Authority, registration number: 176485.

DIVIDENDS

Dividends of £12,930,000 (2019 - £10,781,000) were paid by the Company in the year. Full details are included in note 11.

DIRECTORS AND SHAREHOLDERS

The directors' interests in the Company's shares were as follows:

Director	31 March 2020	
	Number	%
David Metter	104,000	72.2
Tim Pearson	20,000	13.9
Matthew Webber	20,000	13.9
Total	144,000	100.0

The directors have the benefit of a qualifying third party indemnity provision (as defined in section 234 of the Companies Act 2006) as they maintain Directors' and Officers' insurance in respect of the Company and its directors. This insurance was in force throughout the financial year and up to the date of approval of these accounts.

FINANCIAL RISK MANAGEMENT

The directors have considered the principal risks and uncertainties related to Innisfree Group Limited (the 'Company') and the Group and consider financial risk to be the most relevant.

The Group's operations expose it to a variety of financial risks that include credit risk, liquidity risk and interest rate risk. These are managed in the following ways:

(a) Credit risk

The principal source of income is fund management income. This is received from the Innisfree Funds, whose limited partners are predominantly large institutional and financial investors. The partnership agreements of the Innisfree Funds provide step-in rights for non-defaulting investors to meet the partnership obligations. The principal source of income to the Innisfree Funds is interest and dividends receivable from projects. The projects have a policy of contracting with creditworthy counterparties. The PFI concession contracts are entered into with government, quasi government and other public or equivalent low-risk bodies. The Group is represented on the boards of project companies which reduces the risk of non-payment of the amounts due.

(b) Liquidity risk

The Group is ungeared and maintains cash balances on short-term deposits with several large financial institutions. Fund management income is received semi-annually in advance. This policy ensures that the Group has sufficient available funds for operations and planned expansion.

(c) Interest rate risk

The Group's interest income is not significant in relation to its operations. Apart from the use of term deposits, income from the Group's cash balances is subject to fluctuations in prevailing deposit interest rates. The Group has no external debt.



DIRECTORS' REPORT (CONTINUED)

for the year ended 31 March 2020

FINANCIAL RISK MANAGEMENT (CONTINUED)

COVID-19

On 30 January 2020 the World Health Organisation declared the coronavirus ('COVID-19') a public health emergency. Whilst the governments of the UK, Sweden and Canada have implemented wide-ranging economic support packages to mitigate the impact of COVID-19, there is increasing uncertainty about the future course of the pandemic, the duration of its economic effect and the shape of the economic recovery.

The Directors consider the Group and the Innisfree Funds to be well positioned to mitigate against the worst consequences of the outbreak and expect the Group and the Innisfree Funds and their investment portfolios to continue operations throughout this period. Business continuity plans have been enacted for the Group and for the Innisfree Funds and their investee companies and these have been effective to date. Investee companies and service providers have responded flexibly to client requirements and continue to provide project services with little disruption caused by staff absences. The revenues of the investee companies currently appear to be resilient to the effects of COVID-19 given the predominantly public sector client base, the mainly availability-based payment mechanisms, and the pragmatic approach being adopted by clients.

The impact of interest rate reductions is already starting to be seen in lower bank deposit rates on projects and, whilst currently hard to predict, changes to other macroeconomic factors are possible. The Directors continue to monitor the financial health of subcontractors given the concerns in the sector and the potential economic impact on their non- public-sector services as a result of COVID-19.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the accounts in accordance with applicable law and regulations. Company law requires the directors to prepare accounts for each financial year. Under that law the directors have prepared the Group and Company accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102, 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' ('FRS 102'). Under company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom accounting standards including FRS 102 have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts 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 Group and the Company and enable them to ensure that the accounts 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.

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

Each of the directors in office at the date of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Group's auditors are unaware; and
- he 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 Group's auditors are aware of that information.

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP has indicated its willingness to continue in office as independent auditors for the ensuing year.

On behalf of the Board,

D.J. Burton
Director and Company Secretary
26 June 2020



INDEPENDENT AUDITORS' REPORT

for the year ended 31 March 2020

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INNISFREE GROUP LIMITED

REPORT ON THE AUDIT OF THE ACCOUNTS

OPINION

In our opinion, Innisfree Group Limited's Group financial statements and Company financial statements (the 'financial statements'):

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

We have audited the financial statements, included within the Annual Report & Accounts (the 'Annual Report'), which comprise: the Group and Company Balance Sheets as at 31 March 2020, the Consolidated Profit and Loss Account, the Consolidated Cash Flow Statement, the Consolidated and Company Statements of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

BASIS FOR OPINION

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

INDEPENDENCE

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

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

REPORTING ON OTHER INFORMATION

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

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

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

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



INDEPENDENT AUDITORS' REPORT (CONTINUED)

for the year ended 31 March 2020

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INNISFREE GROUP LIMITED (CONTINUED)

STRATEGIC REPORT AND DIRECTORS' REPORT

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

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

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

USE OF THIS REPORT

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

OTHER REQUIRED REPORTING

COMPANIES ACT 2006 EXCEPTION REPORTING

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

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

We have no exceptions to report arising from this responsibility

Thomas Norrie (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
26 June 2020



CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2020

		Group 2020 £'000	Group 2019 £'000
	Note		
Turnover	5	23,480	22,896
Administrative expenses		(10,000)	(10,176)
Operating profit	6	13,480	12,720
Interest receivable and similar income	9	49	52
Profit before taxation		13,529	12,772
Tax on profit	10	4	5
Profit for the financial year		13,533	12,777

The Group has no income other than the amounts shown above in either the current year or preceding year and consequently no Statement of Comprehensive Income has been prepared.

All turnover arises from continuing operations.

The accompanying notes on pages 13 to 25 are an integral part of these accounts.



BALANCE SHEETS
as at 31 March 2020

Registered Number: 3078732

		Group 2020 £'000	Company 2020 £'000	Group 2019 £'000	Company 2019 £'000
	Note				
Fixed assets					
Tangible assets	12	412	-	469	-
Investments in subsidiary undertakings	13	-	115	-	115
		<u>412</u>	<u>115</u>	<u>469</u>	<u>115</u>
Current assets					
Debtors	14	1,827	387	2,122	387
Cash		9,998	-	9,248	-
		<u>11,825</u>	<u>387</u>	<u>11,370</u>	<u>387</u>
Creditors: amounts falling due within one year	15	(1,948)	(392)	(2,149)	(392)
Net current assets / (liabilities)		<u>9,877</u>	<u>(5)</u>	<u>9,221</u>	<u>(5)</u>
Total assets less current liabilities		<u>10,289</u>	<u>110</u>	<u>9,690</u>	<u>110</u>
Provision for liabilities	17	(51)	-	(55)	-
Net assets		<u>10,238</u>	<u>110</u>	<u>9,635</u>	<u>110</u>
Capital and reserves					
Called-up share capital	18	36	36	36	36
Capital redemption reserve		64	64	64	64
Profit and loss account	22	10,138	10	9,535	10
Total equity		<u>10,238</u>	<u>110</u>	<u>9,635</u>	<u>110</u>

No individual Profit and Loss Account is presented as the Company has taken advantage of the exemption in section 408 of the Companies Act 2006. The profit of the Company for the financial year was £12,930,000 (2019 - £10,781,000).

The accompanying notes on pages 13 to 25 are an integral part of these accounts.

The accounts on pages 9 to 25 were authorised for issue by the board of directors on 26 June 2020 and were signed on its behalf.

D.A. Metter
Director
26 June 2020



STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 March 2020

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

	Note	Called-up share capital £'000	redemption reserve £'000	Capital and loss account £'000	Profit Total equity £'000
Balance as at 1 April 2018		36	64	7,539	7,639
Profit for the financial year		–	–	12,777	12,777
Total comprehensive income		–	–	12,777	12,777
Dividends	11	–	–	(10,781)	(10,781)
Total transactions with owners recognised directly in equity		–	–	(10,781)	(10,781)
Balance at 31 March 2019		36	64	9,535	9,635
Balance as at 1 April 2019		36	64	9,535	9,635
Profit for the financial year		–	–	13,533	13,533
Total comprehensive income		–	–	13,533	13,533
Dividends	11	–	–	(12,930)	(12,930)
Total transactions with owners recognised directly in equity		–	–	(12,930)	(12,930)
Balance at 31 March 2020		36	64	10,138	10,238

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

	Note	Called-up share capital £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total equity £'000
Balance as at 1 April 2018		36	64	10	110
Profit for the financial year		–	–	10,781	10,781
Total comprehensive income		–	–	10,781	10,781
Dividends	11	–	–	(10,781)	(10,781)
Total transactions with owners recognised directly in equity		–	–	(10,781)	(10,781)
Balance at 31 March 2019		36	64	10	110
Balance as at 1 April 2019		36	64	10	110
Profit for the financial year		–	–	12,930	12,930
Total comprehensive income		–	–	12,930	12,930
Dividends	11	–	–	(12,930)	(12,930)
Total transactions with owners recognised directly in equity		–	–	(12,930)	(12,930)
Balance at 31 March 2020		36	64	10	110

The accompanying notes on pages 13 to 25 are an integral part of these accounts.



CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 March 2020

	<i>Note</i>	Group 2020 £'000	Group 2019 £'000
Net cash from operating activities	19(a)	<u>13,665</u>	<u>12,278</u>
Net cash generated from operating activities		<u>13,665</u>	<u>12,278</u>
Cash flows from investing activities			
Interest received		51	49
Purchase of tangible fixed assets	12	<u>(36)</u>	<u>(25)</u>
Net cash received from investing activities		<u>15</u>	<u>24</u>
Cash flows from financing activities			
Dividends paid	11	<u>(12,930)</u>	<u>(10,781)</u>
Net cash used in financing activities		<u>(12,930)</u>	<u>(10,781)</u>
Increase in cash in year	19(b)	<u>750</u>	<u>1,521</u>
Cash at the beginning of the year		<u>9,248</u>	<u>7,727</u>
Cash at the end of the year		<u>9,998</u>	<u>9,248</u>
Cash consists of			
Cash at bank and in hand		3,748	4,948
Short-term deposits		<u>6,250</u>	<u>4,300</u>
		<u>9,998</u>	<u>9,248</u>

The accompanying notes on pages 13 to 25 are an integral part of these accounts.



NOTES TO THE ACCOUNTS

for the year ended 31 March 2020

- 1. General information** The Company is a private company limited by shares and is incorporated in England and Wales with reference 3078732. Its registered office is First floor, Boundary House, 91/93 Charterhouse Street, London EC1M 6HR.
- 2. Statement of compliance** The accounts of the Company and the Group have been prepared in compliance with:
- Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102'); and
 - The Companies Act 2006.
- 3. Accounting policies** The principal accounting policies applied in the preparation of these accounts are set out below. The policies have been consistently applied to all of the years presented, unless otherwise stated. The Company and the Group have adopted FRS 102 in these accounts.
- (a) Basis of preparation**
- The accounts are prepared on a going concern basis, under the historical cost convention as modified by the revaluation of certain financial assets and liabilities measured at fair value through the Profit and Loss Account and in accordance with the Companies Act 2006 and FRS 102.
- The preparation of accounts in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company and Group's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the accounts are explained in note 4.
- (b) Basis of consolidation**
- The Group accounts consolidate the accounts of the Company and its subsidiary undertakings using the acquisition method of accounting. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the Consolidated Profit and Loss Account from the date of acquisition or up to the date of disposal.
- A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.
- An associate is an entity which is not a subsidiary in which the Group holds an interest and where the Group has significant influence. The Group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate. The results of associates are accounted for using the equity method of accounting.
- Subsidiary and associate undertakings are included up to or from the dates of change of control or change of significant influence, respectively.
- All intra-group transactions, balances, income and expenses are eliminated on consolidation.
- No individual Profit and Loss Account is presented as the Company has taken advantage of the exemption in section 408 of the Companies Act 2006.
- (c) Going concern**
- The directors have reviewed the Group's projected profit and have a reasonable expectation that the Group has adequate resources to continue for the foreseeable future. The Group therefore continues to adopt the going concern basis.
- (d) Tangible fixed assets**
- Fixed assets are shown at cost less depreciation. Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life. Computer equipment is depreciated over three years. Fixtures, fittings and furniture and leasehold improvements are written off over the lease term.
- (e) Investments - Company**
- Investments in subsidiary companies are held at cost less accumulated impairment losses.



NOTES TO THE ACCOUNTS (CONTINUED)

for the year ended 31 March 2020

3. Accounting policies (continued)

(f) Taxation

The taxation expense for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss Account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity, respectively.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantially enacted by the year end.

Deferred tax arises from timing differences that are the differences between taxable profits and profits as stated within the accounts. These timing differences arise from the inclusion of income and expenses in tax assessments in years different from those in which they are recognised in the accounts. Deferred tax is recognised on all timing differences at the Balance Sheet date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date and that are expected to apply to the reversal of the timing difference.

(g) Turnover

Group turnover represents profit shares, transaction fees and other fees receivable for services provided in the normal course of business, on an accruals basis, exclusive of VAT and similar taxes.

Transaction fees represent amounts receivable for work performed in relation to investing in companies involved in public-private sector projects. Transaction fees receivable are accounted for in the financial year in which the concession agreement relating to the project is signed, all material conditions thereon have been met at the Balance Sheet date and the transaction has been completed prior to issue of the year-end accounts.

(h) Dividends

Dividends are recognised when the dividend is paid or approved by shareholders. These amounts are recognised in the Statement of Changes in Equity.

(i) Operating leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. As lessee, costs under operating leases are charged to the Profit and Loss Account in equal amounts over the periods of the leases. Incentives received to enter into leases are amortised over the period to the end of the lease.

(j) Foreign currency translation

The Group and Company accounts are presented in Sterling which is the functional and presentational currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and Loss Account for the year.

(k) Financial instruments

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

Basic financial assets, which include debtors, are measured at fair value which is normally the transaction price. Such assets are subsequently carried at amortised cost using the effective rate method. Financial assets are derecognised when the contractual rights to the cash flows from the asset expire or are settled.



NOTES TO THE ACCOUNTS (CONTINUED)
for the year ended 31 March 2020

3. Accounting policies (continued) (k) Financial instruments (continued)

Financial assets measured at amortised cost are assessed for objective evidence of impairment at each Balance Sheet date. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Profit and Loss Account.

Financial assets and liabilities are offset and the net amounts presented in the accounts when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial liabilities, which include creditors, are measured at fair value which is normally the transaction price. Such liabilities are subsequently carried at amortised cost using the effective rate method. Creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Financial liabilities are derecognised when the liability is extinguished, being the date that the contractual obligation is discharged, cancelled or expires.

4. Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Where the Group makes estimates and assumptions concerning the future the resulting accounting estimates will, by definition, seldom equal the related actual results. There were no significant estimates or assumptions concerning the future made in the current year.

5. Turnover

Turnover, profit before taxation and net assets are derived from fund management activities.

Apart from £9,114,000 (2019 - £6,513,000) received from Europe and a further £335,000 (2019 - £342,000) received from Canada, all turnover arising from trading activities originated in the United Kingdom.

Innisfree is a trading group. An analysis of the profit attributable to shareholders (after adding back taxation) is as follows:

	Group 2020 £'000	Group 2019 £'000
Profit for the financial year	13,533	12,777
Add back: taxation	(4)	(5)
	<u>13,529</u>	<u>12,772</u>
Attributable to:		
Trading activities	13,529	12,772
Investment activities	-	-
	<u>13,529</u>	<u>12,772</u>



NOTES TO THE ACCOUNTS (CONTINUED)
for the year ended 31 March 2020

6. Operating profit	Group 2020 £'000	Group 2019 £'000
Operating profit is stated after charging:		
Operating lease rentals - buildings	255	255
Depreciation of owned tangible assets	93	87
Remuneration to the auditors in respect of:		
- statutory audit of the Company and consolidated accounts	22	21
- statutory audit of subsidiary and associated company accounts	96	93
- tax compliance services	52	136
- tax advisory services	(1)	22
- other services supplied pursuant to legislation	25	24

7. Staff costs Particulars of employees (including executive directors) are shown below:

	Group 2020 £'000	Group 2019 £'000
Employee costs during the year amounted to:		
Wages and salaries	5,069	5,162
Social security costs	731	746
Other pension costs	137	119
	<u>5,937</u>	<u>6,027</u>

The monthly average number of persons employed by the Group during the year was 28 (2019 - 27). 18 (2019 - 17) of these employees were involved in fund management activities and 10 (2019 - 10) in administrative roles. The Company has no staff (2019 - none).

8. Directors' remuneration Directors' remuneration in respect of directors of the Group was as follows:

	Group 2020 £'000	Group 2019 £'000
Fees and remuneration	1,155	1,143
Other emoluments (including pension contributions)	52	52
	<u>1,207</u>	<u>1,195</u>

The directors' emoluments shown above include the following in respect of the highest paid director:

	Group 2020 £'000	Group 2019 £'000
Fees and remuneration	310	310
Other emoluments (including pension contributions)	10	10
	<u>320</u>	<u>320</u>



NOTES TO THE ACCOUNTS (CONTINUED)
for the year ended 31 March 2020

9. Interest receivable and similar income		Group 2020 £'000	Group 2019 £'000
	Bank interest	49	52
		<u>49</u>	<u>52</u>
10. Tax on profit (a) Total tax on profit		Group 2020 £'000	Group 2019 £'000
	Current tax:		
	United Kingdom corporation tax	-	-
	Adjustment relating to prior years	-	-
	Total current tax	<u>-</u>	<u>-</u>
	Deferred tax:		
	Origination and reversal of timing differences	(4)	(5)
	Impact of change in tax rate	-	-
	Total tax on profit	<u>(4)</u>	<u>(5)</u>

(b) Reconciliation of tax charge

The tax credit is based on a standard UK corporation tax rate of 19% (2019 - 19%). The current tax is lower (2019 - lower) than the standard rate of UK corporation tax. The differences are explained below:

	Group 2020 £'000	Group 2019 £'000
Profit before taxation	13,529	12,772
Profit multiplied by the standard rate of tax in the UK of 19% (2019 - 19%)	2,570	2,427
Effects of:		
- Non-taxable income	(3,527)	(3,451)
- Expenses not deductible	1	1
- Timing differences	5	5
- Losses carried forward to future periods	951	1,018
- Deferred tax - origination and reversal of timing differences	(4)	(5)
- Deferred tax - impact of change in tax rate	-	-
Total tax credit for the year	<u>(4)</u>	<u>(5)</u>

On 19 March 2020 the UK government published the Finance Bill 2019-21 in which it confirmed that the main rate of UK Corporation Tax would remain at 19% for periods starting 1 April 2020 rather than reducing to 17% as had previously been legislated.



NOTES TO THE ACCOUNTS (CONTINUED)
for the year ended 31 March 2020

11. Dividends The Company's share capital is divided into three share classes as described in note 18. Dividends paid on each share class were as follows:

	Group 2020 £'000	Company 2020 £'000	Group 2019 £'000	Company 2019 £'000
A Ordinary Shares				
No dividends paid (2019 - none)	-	-	-	-
Total: Dividends on A Ordinary Shares	-	-	-	-
B Ordinary Shares				
1st interim declared and paid: £731.481 per share (2019 - £577.161)	9,480	9,480	7,480	7,480
2nd interim declared and paid: £226.080 per share (2019 - £214.583)	2,930	2,930	2,781	2,781
Total: Dividends on B Ordinary Shares	12,410	12,410	10,261	10,261
C Ordinary Shares				
1st interim declared: £26,000.000 per share (2019 - £26,000.000)	1,872	1,872	1,872	1,872
Less: amounts waived	(1,352)	(1,352)	(1,352)	(1,352)
Total: Dividends on C Ordinary Shares	520	520	520	520
Total dividends paid	12,930	12,930	10,781	10,781



NOTES TO THE ACCOUNTS (CONTINUED)
for the year ended 31 March 2020

12. Tangible fixed assets	Leasehold improvements	Computer equipment	Fixtures, fittings and furniture	Total
	£'000	£'000	£'000	£'000
As at 31 March 2019				
Cost	449	267	115	831
Accumulated depreciation	(175)	(99)	(88)	(362)
Net book amount	274	168	27	469
Year ended 31 March 2020				
Opening net book amount	274	168	27	469
Additions	3	–	33	36
Disposals - cost	(6)	–	(3)	(9)
Disposals - accumulated depreciation	6	–	3	9
Depreciation charged in year	(49)	(26)	(18)	(93)
Closing net book amount	228	142	42	412
As at 31 March 2020				
Cost	446	267	145	858
Accumulated depreciation	(218)	(125)	(103)	(446)
Net book amount	228	142	42	412

The above tangible fixed assets relate to the Group. The Company did not hold any tangible fixed assets in either the current or preceding year.

13. Investments in subsidiary undertakings	At 1 April 2019	Additions	Disposals	At 31 March 2020
	£'000	£'000	£'000	£'000
Company				
Subsidiary undertakings	115	–	–	115
	115	–	–	115
Group				
Other investments	–	–	–	–
	–	–	–	–



NOTES TO THE ACCOUNTS (CONTINUED)
for the year ended 31 March 2020

13. Investments in subsidiary undertakings (continued)	The Company has investments in the following subsidiary undertakings:		
	Company	Principal activity	Interest
	<i>Investment Companies</i>		
	Innisfree M&G PPP LLP ^{*1}	General Partner of IMPPP Fund	65%
	Innisfree IMPPP 1 Ltd	Member of Innisfree M&G PPP LLP	100%
	Innisfree IMPPP SLP Ltd	Special Limited Partner of IMPPP Fund	100%
	Innisfree Continuation Partners LLP ^{*2}	General Partner of Fund IIC	100%
	Innisfree Continuation Partners (Member) Ltd	Member of Innisfree Continuation Partners LLP	100%
	Innisfree Continuation SLP Ltd	Special Limited Partner of Fund IIC	100%
	Innisfree EXGP Continuation Ltd	Investing in funds	100%
	Innisfree Secondary Partners 1 LLP ^{*3}	General Partner of ISF	100%
	Innisfree Secondary Partners 1 (Member) Ltd	Member of Innisfree Secondary Partners 1 LLP	100%
	Innisfree Secondary SLP Ltd	Special Limited Partner of ISF	100%
	Innisfree EXGP Secondary Ltd	Investing in funds	100%
	Innisfree Secondary Partners 2 LLP ^{*4}	General Partner of ISF2	100%
	Innisfree Secondary Partners 2 (Member) Ltd	Member of Innisfree Secondary Partners 2 LLP	100%
	Innisfree Secondary SLP 2 Ltd	Special Limited Partner of ISF2	100%
	Innisfree EXGP Secondary 2 Ltd	Investing in funds	100%
	Innisfree Partners (Second Member) Ltd	Member of Innisfree Continuation Partners LLP, Innisfree Secondary Partners 1 LLP and Innisfree Secondary Partners 2 LLP	100%
	Innisfree Nominees Ltd	Nominee company	100%
	<i>Trading Companies</i>		
	Innisfree Ltd	Fund management	100%
	Innisfree Resources Ltd	Bid management / project advisory	100%
	PPP Forum Ltd	PFI/PPP industry forum	100%
	Innisfree Publishing Ltd	Dormant	100%
	Innisfree Canada Ltd	Bid management / project advisory - Canada	100%

*1. Held by Innisfree IMPPP 1 Ltd.

*2. Held by Innisfree Continuation Partners (Member) Ltd and Innisfree Partners (Second Member) Ltd.

*3. Held by Innisfree Secondary Partners 1 (Member) Ltd and Innisfree Partners (Second Member) Ltd.

*4. Held by Innisfree Secondary Partners 2 (Member) Ltd and Innisfree Partners (Second Member) Ltd.

All of the entities listed above are registered in England and Wales and have the same registered office as the Company with the exception of Innisfree Canada Ltd, which is registered in Canada with registered office at 1321 Blanshard Street, Suite 301, Victoria BC V8W 0B6.



NOTES TO THE ACCOUNTS (CONTINUED)
for the year ended 31 March 2020

14. Debtors

	Group 2020 £'000	Company 2020 £'000	Group 2019 £'000	Company 2019 £'000
Amounts falling due within one year:				
Trade debtors	512	-	760	-
Amounts owed by group undertakings	-	387	-	387
Other debtors	2	-	2	-
Prepayments and accrued income	1,313	-	1,360	-
	<u>1,827</u>	<u>387</u>	<u>2,122</u>	<u>387</u>

Amounts owed by group undertakings are unsecured, non-interest bearing, have no fixed date of repayment and are repayable on demand.

15. Creditors:
amounts falling due
within one year

	Group 2020 £'000	Company 2020 £'000	Group 2019 £'000	Company 2019 £'000
Trade creditors	134	-	183	-
Amounts owed to group undertakings	-	392	-	392
Taxation and social security	301	-	308	-
Other creditors	623	-	618	-
Accruals and deferred income	890	-	1,040	-
	<u>1,948</u>	<u>392</u>	<u>2,149</u>	<u>392</u>

Other creditors include £448,000 (2019 - £437,000) due to M&G IMPPP 1 Limited in respect of its interest in Innisfree M&G PPP LLP.

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



NOTES TO THE ACCOUNTS (CONTINUED)
for the year ended 31 March 2020

16. Financial instruments The Group and Company have the following financial instruments:

	Group 2020 £'000	Company 2020 £'000	Group 2019 £'000	Company 2019 £'000
Financial assets that are debt instruments measured at amortised cost	11,825	387	11,370	387
Financial liabilities measured at amortised cost	(1,948)	(392)	(2,149)	(392)

17. Provisions for liabilities

	Group 2020 £'000	Company 2020 £'000	Group 2019 £'000	Company 2019 £'000
Deferred taxation:				
At 1 April	55	-	60	-
Unused amounts reversed to the Profit and Loss Account	(4)	-	(5)	-
At 31 March	51	-	55	-

The deferred tax liability of £51,000 (2019 - £55,000) arises due to timing differences on the write-down of tangible fixed assets for book and taxation purposes. None of the £41,741,000 (2019 - £36,736,000) of losses carried forward in group companies are expected to have value in future years and a deferred tax asset of £7,931,000 (2019 - £6,980,000) has therefore not been recognised in these accounts. Deferred tax is calculated based on the UK corporation tax rate of 19% effective for periods beginning 1 April 2020 (2019 - 19%).



NOTES TO THE ACCOUNTS (CONTINUED)
for the year ended 31 March 2020

18. Called-up share capital	Company 2020 £'000	Company 2019 £'000
All allotted and fully paid:		
A Ordinary Shares		
94,588 A-1 Ordinary Shares of 25 pence each (2019 - 94,588)	24	24
18,190 A-2 Ordinary Shares of 25 pence each (2019 - 18,190)	5	5
18,190 A-3 Ordinary Shares of 25 pence each (2019 - 18,190)	5	5
	<u>34</u>	<u>34</u>
B Ordinary Shares		
9,360 B-1 Ordinary Shares of 25 pence each (2019 - 9,360)	2	2
1,800 B-2 Ordinary Shares of 25 pence each (2019 - 1,800)	-	-
1,800 B-3 Ordinary Shares of 25 pence each (2019 - 1,800)	-	-
	<u>2</u>	<u>2</u>
C Ordinary Shares		
52 C-1 Ordinary Shares of 25 pence each (2019 - 52)	-	-
10 C-2 Ordinary Shares of 25 pence each (2019 - 10)	-	-
10 C-3 Ordinary Shares of 25 pence each (2019 - 10)	-	-
	<u>-</u>	<u>-</u>
Total share capital	<u>36</u>	<u>36</u>

The Company's share capital is divided into 130,968 A Ordinary Shares of 25 pence each, 12,960 B Ordinary Shares of 25 pence each and 72 C Ordinary Shares of 25 pence each.

The A Ordinary Shares carry full voting rights for the Company, a right to income (on the A Ordinary Shares) and a right to surplus capital on the event of a winding up.

The B Ordinary Shares do not carry voting rights for the Company (save for the amendment of rights and restrictions connected to the B Ordinary Shares) but have a right to income (on the B Ordinary Shares). They hold no right to surplus capital on the event of a winding up.

The C Ordinary Shares do not carry voting rights for the Company (save for the amendment of rights and restrictions connected to the C Ordinary Shares) but have a right to income (on the C Ordinary Shares). They hold no right to surplus capital on the event of a winding up.

The capital of the Company may only be altered with the prior consent of the Founder Director, David Antony Metter.



NOTES TO THE ACCOUNTS (CONTINUED)
for the year ended 31 March 2020

19. Cash flow information (a) Reconciliation of operating profit to net cash inflow from operating activities

	Group 2020 £'000	Group 2019 £'000
Profit for the financial year	13,533	12,777
Less:		
- Tax credit on profit on ordinary activities	(4)	(5)
- Interest receivable and similar income	(49)	(52)
Operating profit	13,480	12,720
Depreciation	93	87
Decrease / (increase) in debtors	293	(470)
Decrease in creditors	(201)	(59)
Net cash inflow from operating activities	13,665	12,278

(b) Analysis of changes in net cash

	At 1 April 2019 £'000	Cash flows £'000	At 31 March 2020 £'000
Cash at bank and in hand	4,948	(1,200)	3,748
Short term deposits	4,300	1,950	6,250
Net cash at end of year	9,248	750	9,998

20. Guarantees and other financial commitments

(a) Lease commitments

On 5 June 2015 a subsidiary entered into an agreement for a ten-year lease on premises at Boundary House, 91/93 Charterhouse Street, London EC1M 6HR which expires on 9 June 2025. The current annual rental on the lease is £283,000 (2019 - £283,000). Under the terms of the lease a one-year rent-free period was granted and this incentive will be amortised evenly over the term of the lease. The lease has been guaranteed by the Company.

	Group 2020 £'000	Group 2019 £'000
Payments due:		
Within one year	283	283
Between one and five years	1,132	1,132
After five years	-	283
	1,415	1,698

The Group had no other off-Balance Sheet arrangements.

(b) VAT

The Company is registered for VAT purposes in a group of undertakings that share a common VAT registration. As a result, it has jointly guaranteed the VAT liability of the VAT Group.



NOTES TO THE ACCOUNTS (CONTINUED)

for the year ended 31 March 2020

- 21. Related party transactions** Innisfree Continuation Partners LLP, as the General Partner of Fund IIC, received a profit share of £4,542,000 during the year (2019 - £4,449,000). At 31 March 2020 £nil (2019 - £nil) was due from Fund IIC.
- Innisfree IMPPP 1 Limited, through its interest in Innisfree M&G PPP LLP as the General Partner of IMPPP Fund, received a profit share of £2,464,000 during the year (2019 - £2,397,000). At 31 March 2020 £1,000 (2019 - £1,000) was due from IMPPP Fund relating to sundry operating costs borne on its behalf by the Group.
- Innisfree Secondary Partners 1 LLP, as the General Partner of ISF, received a profit share of £7,630,000 during the year (2019 - £7,472,000). At 31 March 2020 £nil (2019 - £nil) was due from ISF.
- Innisfree Secondary Partners 2 LLP, as the General Partner of ISF2, received a profit share of £3,917,000 during the year (2019 - £3,835,000). At 31 March 2020 £56,000 (2019 - £55,000) was due to ISF2 relating to directors' fees receivable by the Group and to be shared with ISF2 once received.
- The Group received fees in connection to its representation on the boards of project companies totalling £2,837,000 during the year (2019 - £2,708,000) of which £411,000 (2019 - £383,000) was allocated to M&G Investment Management Limited in respect of its co-management role on IMPPP Fund and a further £231,000 (2019 - £228,000) was allocated to the Innisfree Funds. At 31 March 2020 £590,000 (2019 - £836,000) was due from project companies.

- 22. Profit and Loss Account** Following the adoption of FRS 102, the Group's Profit and Loss Account may include unrealised gains recognised as a result of holding financial instruments at fair value, together with deferred tax provided for on these gains. In such cases the reserves of the Group will not be wholly distributable. There were no such unrealised gains in the current year (2019 - none).

	Distributable reserves £'000	Non-distributable reserves £'000	Group Total £'000
As at 31 March 2019			
Realised profits and losses	9,590	-	9,590
Deferred tax	(55)	-	(55)
Total at 31 March 2019	9,535	-	9,535
Year ended 31 March 2020			
As at 1 April 2019	9,535	-	9,535
Realised profits and losses before tax	13,529	-	13,529
Deferred tax	4	-	4
Dividends	(12,930)	-	(12,930)
Closing net book amount	10,138	-	10,138
As at 31 March 2020			
Realised profits and losses	10,189	-	10,189
Unrealised revaluation surplus on financial instruments	-	-	-
Deferred tax	(51)	-	(51)
Total at 31 March 2020	10,138	-	10,138

- 23. Ultimate controlling party** The ultimate controlling party of the Group and the Company is The David Antony Metter Settlement.



NOTES
for the year ended 31 March 2020



NOTES
for the year ended 31 March 2020



NOTES
for the year ended 31 March 2020

Innisfree Group Limited
Boundary House, 91/93 Charterhouse Street,
London EC1M 6HR