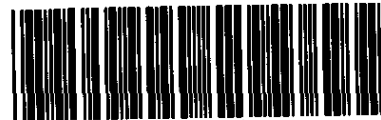


COMPANY REGISTRATION NUMBER: 03897442

Infrastructure Investors Castlehill Limited
Unaudited Annual Report and Financial Statements
31 December 2019

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Infrastructure Investors Castlehill Limited

Annual Report and Financial Statements

Year Ended 31 December 2019

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Infrastructure Investors Castlehill Limited

Officers and Professional Advisers

| | |
|-------------------------------|--|
| The Board of Directors | Bryan M Acutt John I Cavill |
| Company Secretary | Infrastructure Managers Limited |
| Registered Office | Cannon House 78 Cannon Street London EC4N 6AF |
| Bankers | National Westminster Bank Plc PO Box No 204 No 1 Hatton Garden London EC1P 1DU |
| Solicitors | CMS Cameron McKenna LLP Mitre House 160 Aldersgate Street London EC1A 4DD |

Infrastructure Investors Castlehill Limited

Directors' Report

Year Ended 31 December 2019

The directors present their report and the unaudited Annual Report and Financial Statements of Infrastructure Investors Castlehill Limited ("the Company") for the year ended 31 December 2019.

Principal Activities

The Company is involved with a Private Finance Initiative to provide new outpatients, radiology, urology, nuclear medicine and entrance facilities for Castlehill Hospital, Cottingham, part of the Hull and East Yorkshire Hospitals National Health Service Trust. The contract is in year 18 of its term expiring 2030.

Performance Review

The profit for the financial year, after taxation, amounted to £21,063 (2018: £(77,538)).

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

The directors are satisfied with the overall performance of the Company and do not foresee any significant change in the Company's activities in the coming financial year.

The directors have considered the future financial impact to the Company of the Coronavirus pandemic, taking into account the sources of income and additional expenditure, if any. It is their view that, due to the income being availability based and being due from the NHS Trust and therefore the risk of non-payment is considered remote, the income to the project will not be impacted. Alongside this the expected expenditure should not see material variation from its current levels and key suppliers (primarily the facilities manager) are expected to continue to be able to service the project. Although the likely full impact is unknown, and at this stage is not possible to quantify, it is not expected to materially impact on the operations of financial position of the Company.

Key Performance Indicators

The performance of the Company from a cash perspective is assessed six monthly by the testing of the covenants of the senior debt provider. The key indicator being the debt service cover ratio. The Company has been performing well and has been compliant with the covenants laid out in the Group loan agreement.

Directors

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

Bryan M Acutt
John I Cavill

Infrastructure Investors Castlehill Limited

Directors' Report *(continued)*

Year Ended 31 December 2019

Dividends

Particulars of dividends paid are detailed in note 9 to the financial statements.

Financial Instruments

Due to the nature of the Company's business, the financial risks the directors consider relevant to this Company are credit, interest rate, cash flow and liquidity risk. The credit risk is not considered significant as the client is a quasi governmental organisation.

Interest rate risk

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

Cash Flow and Liquidity risk

Many of the Cash Flow risks are addressed by means of contractual provisions. The Company's liquidity risk is principally managed through financing the Company by means of long-term borrowings.

Events after the End of the Reporting Period

Particulars of events after the reporting date are detailed in note 18 to the Annual Report and Financial Statements.

Qualifying Third Party Indemnity Provisions

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

Small Company Provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

This report was approved by the board of directors on 30 September 2020 and signed by order of the board by:



Infrastructure Managers Limited
Company Secretary

Infrastructure Investors Castlehill Limited

Statement of Comprehensive Income

Year Ended 31 December 2019

| | Note | 2019 £ | 2018 £ |
|---|----------|----------------------|------------------------|
| Turnover | 4 | 232,162 | 367,592 |
| Cost of sales | | <u>(205,725)</u> | <u>(214,800)</u> |
| Gross profit | | 26,437 | 152,792 |
| Administrative expenses | | <u>(73,485)</u> | <u>(77,730)</u> |
| Operating (loss)/profit | | (47,048) | 75,062 |
| Other interest receivable and similar income | 6 | 683,537 | 474,379 |
| Interest payable and similar expenses | 7 | <u>(579,839)</u> | <u>(604,243)</u> |
| Profit/(loss) before taxation | | 56,650 | (54,802) |
| Tax on profit/(loss) | 8 | <u>(35,587)</u> | <u>(22,736)</u> |
| Profit/(loss) for the financial year | | <u>21,063</u> | <u>(77,538)</u> |
| Fair value movements on cash flow hedging instruments, net of tax | | 70,804 | 214,059 |
| Total comprehensive income for the year | | <u>91,867</u> | <u>136,521</u> |

All the activities of the Company are from continuing operations.

The notes on pages 7 to 16 form part of these Financial Statements.

Infrastructure Investors Castlehill Limited

Statement of Financial Position

As at 31 December 2019

| | Note | 2019 £ | 2018 £ |
|--|------|--------------------|--------------------|
| Current assets | | | |
| Debtors: amounts falling due within one year | 10 | 321,883 | 351,737 |
| Debtors: amounts falling due after more than one year | 10 | 7,228,081 | 7,549,425 |
| Cash at bank and in hand | | 1,401,651 | 1,626,690 |
| | | <u>8,951,615</u> | <u>9,527,852</u> |
| Creditors: amounts falling due within one year | 11 | <u>(1,010,887)</u> | <u>(1,209,197)</u> |
| Net current assets | | <u>7,940,728</u> | <u>8,318,655</u> |
| Total assets less current liabilities | | <u>7,940,728</u> | <u>8,318,655</u> |
| Creditors: amounts falling due after more than one year | 12 | <u>(6,935,295)</u> | <u>(7,202,342)</u> |
| Provisions for liabilities | | | |
| Taxation including deferred taxation | 13 | <u>(301,000)</u> | <u>(308,747)</u> |
| Net assets | | <u>704,433</u> | <u>807,566</u> |
| Capital and reserves | | | |
| Called up share capital | 16 | 50,000 | 50,000 |
| Hedging reserve | 17 | (950,168) | (1,020,972) |
| Retained earnings | 17 | 1,604,601 | 1,778,538 |
| Total shareholders' funds | | <u>704,433</u> | <u>807,566</u> |

For the year ending 31 December 2019 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its Annual Report and Financial Statements for the year in question in accordance with section 476;
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of the Annual Report and Financial Statements.

The Financial Statements were approved by the board of directors and authorised for issue on 30 September 2020, and are signed on behalf of the board by:


(Rev 7, Sep 20 2020 11:14 GMT+1)

John I Cavill
Director

Company registration number: 03897442

The notes on pages 7 to 16 form part of these Financial Statements.

Infrastructure Investors Castlehill Limited

Statement of Changes in Equity

Year Ended 31 December 2019

| | Called up share capital £ | Hedging reserve £ | Retained earnings £ | Total £ |
|--|---------------------------------|-------------------------|---------------------------|----------------|
| At 1 January 2018 | 50,000 | (1,235,031) | 1,856,076 | 671,045 |
| Loss for the financial year | | | (77,538) | (77,538) |
| Other comprehensive income for the year: | | | | |
| Fair value movements on cash flow hedging instruments, net of tax | — | 214,059 | — | 214,059 |
| Total comprehensive income for the year | — | 214,059 | (77,538) | 136,521 |
| At 31 December 2018 | 50,000 | (1,020,972) | 1,778,538 | 807,566 |
| Profit for the financial year | | | 21,063 | 21,063 |
| Other comprehensive income for the year: | | | | |
| Fair value movements on cash flow hedging instruments, net of tax | — | 70,804 | — | 70,804 |
| Total comprehensive income for the year | — | 70,804 | 21,063 | 91,867 |
| Dividends paid and payable | 9 | — | (195,000) | (195,000) |
| Total investments by and distributions to owners | — | — | (195,000) | (195,000) |
| At 31 December 2019 | <u>50,000</u> | <u>(950,168)</u> | <u>1,604,601</u> | <u>704,433</u> |

Included in the fair value movement on cash flow hedging instruments is £222,968 (2018: £247,193) that was recycled through Interest Payable in the statement of comprehensive income.

The notes on pages 7 to 16 form part of these Financial Statements.

Infrastructure Investors Castlehill Limited

Notes to the Annual Report and Financial Statements

Year Ended 31 December 2019

1. General Information

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

The Company is involved with a Private Finance Initiative to provide new outpatients, radiology, urology, nuclear medicine and entrance facilities for Castlehill Hospital, Cottingham, part of the Hull and EastYorkshire Hospitals National Health Service Trust. The contract is in year 18 of its term expiring 2030.

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

2. Statement of Compliance

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

3. Accounting Policies

(a) Basis of preparation

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

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed further in the accounting policies.

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

(b) Going concern

The directors have considered the future financial impact to the Company of the Coronavirus as disclosed in the Directors' Report, and although the likely full impact is unknown, and at this stage is not possible to quantify, it is not expected to materially impact on the operations or financial position of the Company.

Infrastructure Investors Castlehill Limited

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

Year Ended 31 December 2019

3. Accounting Policies *(continued)*

(c) Disclosure exemptions

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

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

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

(d) Judgments and key sources of estimation uncertainty

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

Key sources of estimation uncertainty

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

i) Impairment of assets

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

(e) Revenue recognition

Turnover represents the services' share of the management services income received by the Company for the provision of a PFI asset to the customer. This income is received over the life of the concession period. Management service income is allocated between turnover, finance debtor interest and reimbursement of the finance debtor so as to generate a constant rate of return in respect of the finance debtor over the life of the contract.

Infrastructure Investors Castlehill Limited

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

Year Ended 31 December 2019

3. Accounting Policies *(continued)*

(f) Income tax

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

Current or deferred taxation assets and liabilities are not discounted.

i) Current Tax

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

ii) Deferred tax

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

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

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

(g) Finance debtor

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

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

(h) Cash and cash equivalents

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

Infrastructure Investors Castlehill Limited

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

Year Ended 31 December 2019

3. Accounting Policies *(continued)*

(l) Borrowings

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

(j) Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the Statement of Financial Position and the amount of the provision as an expense. Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset.

(k) Financial instruments

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

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

Debt instruments are subsequently measured at amortised cost.

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

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

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

Infrastructure Investors Castlehill Limited

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

Year Ended 31 December 2019

3. Accounting Policies *(continued)*

Financial instruments *(continued)*

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

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

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

(I) Hedge accounting

The Company has entered into an arrangement with third parties that is designed to hedge future cash flows arising on variable rate interest loan arrangements, with the net effect of exchanging the cash flows arising under those arrangements for a stream of fixed interest cash flows ("interest rate swaps").

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

The Company has elected to early adopt the FRS 102 Interest Rate Benchmark Reform Amendment.

4. Turnover

Turnover arises from:

| | 2019 | 2018 |
|-----------------------|----------------|----------------|
| | £ | £ |
| Rendering of services | <u>232,162</u> | <u>367,592</u> |

The whole of the turnover is attributable to the principal activity of the Company wholly undertaken in the United Kingdom.

Infrastructure Investors Castlehill Limited

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

Year Ended 31 December 2019

5. Particulars of Employees and Directors

The average number of persons employed by the Company during the financial year amounted to nil (2018: nil). The directors are not employed by the Company and did not receive any remuneration from the Company during the year (2018: £nil).

6. Other Interest Receivable and Similar Income

| | 2019 | 2018 |
|---------------------------------------|----------------|----------------|
| | £ | £ |
| Interest on cash and cash equivalents | 7,478 | 5,295 |
| Finance debtor interest receivable | 676,059 | 469,084 |
| | <u>683,537</u> | <u>474,379</u> |

7. Interest Payable and Similar Expenses

| | 2019 | 2018 |
|------------------------------------|----------------|----------------|
| | £ | £ |
| Interest due to Group undertakings | 256,673 | 261,102 |
| Interest payable on senior debt | 322,559 | 343,141 |
| Other interest payable | 607 | – |
| | <u>579,839</u> | <u>604,243</u> |

8. Tax on Profit/(Loss)

Major components of tax expense

| | 2019 | 2018 |
|--|---------------|---------------|
| | £ | £ |
| Current tax: | | |
| UK current tax expense | 43,336 | 30,319 |
| Deferred tax: | | |
| Origination and reversal of timing differences | (7,749) | (7,583) |
| Tax on profit/(loss) | <u>35,587</u> | <u>22,736</u> |

Reconciliation of tax expense

The tax assessed on the profit/(loss) for the year is higher than (2018: higher than) the standard rate of corporation tax in the UK of 19% (2018: 19%).

| | 2019 | 2018 |
|--|---------------|---------------|
| | £ | £ |
| Profit/(loss) before taxation | 56,650 | (54,802) |
| Profit/(loss) by rate of tax | 10,764 | (10,412) |
| Effect of expenses not deductible for tax purposes | 23,912 | 32,255 |
| Change in tax rates | 911 | 893 |
| Total tax charge | <u>35,587</u> | <u>22,736</u> |

Infrastructure Investors Castlehill Limited

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

Year Ended 31 December 2019

8. Tax on Profit/(Loss) *(continued)*

Factors that may affect future tax expense

A change to the future UK corporation tax rate was announced in the March 2020 Budget. The rate will no longer drop to 17% with effect from 1 April 2020 but will remain at the previous rate of 19%. This change had not been substantively enacted at the balance sheet date and therefore is not recognised in these financial statements. The effect of this change, if it applied to the deferred tax balance at 31 December 2019, would be to increase the deferred tax liability by £12,516.

9. Dividends

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

| | 2019 £ | 2018 £ |
|---|----------------|-----------|
| Dividends of £3.90 per share (2018: £nil) | <u>195,000</u> | <u>—</u> |

10. Debtors

Debtors amounts falling due within one year are as follows:

| | 2019 £ | 2018 £ |
|--------------------------------|----------------|----------------|
| Trade debtors | 125,080 | 112,620 |
| Prepayments and accrued income | 8,392 | 14,398 |
| Finance debtor | 188,411 | 224,719 |
| | <u>321,883</u> | <u>351,737</u> |

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

| | 2019 £ | 2018 £ |
|--------------------|------------------|------------------|
| Deferred tax asset | 194,612 | 209,115 |
| Finance debtor | 7,033,469 | 7,340,310 |
| | <u>7,228,081</u> | <u>7,549,425</u> |

The movement in the finance debtor is analysed as follows:

| | 2019 £ | 2018 £ |
|----------------------|------------------|------------------|
| At beginning of year | 7,565,029 | 7,844,401 |
| Repayments | (343,149) | (279,372) |
| At end of year | <u>7,221,880</u> | <u>7,565,029</u> |

Infrastructure Investors Castlehill Limited

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

Year Ended 31 December 2019

11. Creditors: amounts falling due within one year

| | 2019 | 2018 |
|------------------------------------|------------------|------------------|
| | £ | £ |
| Trade creditors | 7,464 | 46,412 |
| Amounts owed to Group undertakings | 300,032 | 511,839 |
| Accruals and deferred income | 283,505 | 302,765 |
| Corporation tax | 38,336 | 30,319 |
| Taxation and social security | 72,060 | 39,407 |
| Senior debt | 309,490 | 278,455 |
| | 1,010,887 | 1,209,197 |

The amounts owed to Group undertakings is a non-trading balance which is non-interest bearing and repayable upon demand and includes £171,261 (2018: £204,023) in respect of group relief payable, as well as accrued interest on the Coupon Bearing Investment sum.

12. Creditors: amounts falling due after more than one year

| | 2019 | 2018 |
|------------------------------------|------------------|------------------|
| | £ | £ |
| Amounts owed to Group undertakings | 1,913,288 | 1,785,537 |
| Derivative financial liability | 1,144,778 | 1,230,086 |
| Senior debt | 3,877,229 | 4,186,719 |
| | 6,935,295 | 7,202,342 |

Senior debt is secured by a bond and floating charge over all the assets, rights and undertakings of the Company. The loan is repayable under a 6 monthly instalment scheme, with the final repayment due on 20 July 2030. The loan bears interest at LIBOR plus 1.4%. However the Company has an interest rate swap arrangement receiving LIBOR and paying interest fixed at 6.15% for the full amount of the loan drawn, hence fixing the total interest payable on the bank loan to 7.55%. The full amount of loan drawdowns at 31 December 2019 is £4,186,719 (2018: £4,465,174).

Amounts owed to Group undertakings relates to the issue by the Company in February 2002 of a Coupon Bearing Investment Sum to its immediate parent company, Infrastructure Investors Castlehill (Holdings) Limited. The total balance of the investment sum as at 31 December 2019 was £1,913,288 (2018: £1,865,014). The investment sum bears a Coupon of 14% and final repayment of the capital falls due in the year 2031. The Coupon on the principal amount accrues daily and is payable in cash on 20 January and 20 July each year. Interest not settled by cash on the 31st December each year is added to the principal and the Coupon accrued on this uplifted amount in the next interest period. Interest settled using this mechanism in the year was £127,274 (2018: £229,037). The investment sum was advanced under a subordinated loan agreement and is therefore unsecured, and would rank alongside ordinary creditors in the event of a winding up.

13. Provisions for Liabilities

| | Deferred tax (note 14) |
|----------------------------|---------------------------|
| | £ |
| At 1 January 2019 | 308,747 |
| Deferred tax | (7,747) |
| At 31 December 2019 | 301,000 |

Infrastructure Investors Castlehill Limited

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

Year Ended 31 December 2019

14. Deferred Tax

The deferred tax included in the Statement of Financial Position is as follows:

| | 2019 | 2018 |
|--|------------------|-----------------|
| | £ | £ |
| Included in debtors (note 10) | 194,612 | 209,115 |
| Included in provisions for liabilities (note 13) | (301,000) | (308,747) |
| | <u>(106,388)</u> | <u>(99,632)</u> |

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

| | 2019 | 2018 |
|----------------------------------|----------------|---------------|
| | £ | £ |
| Accelerated capital allowances | 301,000 | 308,747 |
| Derivative financial instruments | (194,612) | (209,115) |
| | <u>106,388</u> | <u>99,632</u> |

The net deferred tax liability expected to reverse in 2020 is £7,583. This primarily relates to the reversal of timing differences on capital allowances.

| | 2019 |
|---|-----------------------|
| | £ |
| Opening balance | 99,632 |
| Movement through the profit or loss | (7,747) |
| Movement through other comprehensive income | 14,503 |
| Closing balance | <u>106,388</u> |

15. Financial Instruments

The fair values of the interest rate swap have been calculated by discounting the fixed cash flows at forecasted forward interest rates over the term of the financial instrument. The bank borrowing and finance debtor are both held at amortised cost.

16. Called Up Share Capital

Issued, called up and fully paid

| | 2019 | | 2018 | |
|----------------------------|---------------|---------------|---------------|---------------|
| | No. | £ | No. | £ |
| Ordinary shares of £1 each | <u>50,000</u> | <u>50,000</u> | <u>50,000</u> | <u>50,000</u> |

There is a single class of ordinary share. There are no restrictions on the distribution of dividends and the repayment of capital.

17. Reserves

The hedging reserve records fair value movements on cash flow and net investment hedging instruments.

Retained earnings records retained earnings and accumulated losses.

Infrastructure Investors Castlehill Limited

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

Year Ended 31 December 2019

18. Events after the End of the Reporting Period

Coronavirus was declared a pandemic in March 2020 and since then there has been widespread disruption in the UK. As the pandemic accelerated after the year end this event has been classified as a non-adjusting post balance sheet event. As disclosed in the Directors' Report, the directors have considered the future financial impact to the Company of the Coronavirus. Although the likely full impact is unknown, it is expected to be minimal.

19. Controlling Party

The immediate parent undertaking is Infrastructure Investors Castlehill Holdings Limited.

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

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