JOHN LAING INFRASTRUCTURE LIMITED
ANNUAL REPORT
AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2019

Registered number: 4401816

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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DIRECTORS AND AUDITOR

Directors
C B Waples (resigned 31 January 2019)
S M Colvin
C Underwood (appointed 31 January 2019)

Registered office
1 Kingsway
London
WC2B 6AN

Auditor
Deloitte LLP
Statutory Auditor
London
United Kingdom

DIRECTORS' REPORT

The Directors submit their Annual Report and the audited financial statements for the year ended 31 December 2019.

The Company, incorporated in the United Kingdom, is a wholly owned subsidiary of John Laing Investments Limited. The ultimate parent company is John Laing Group plc whose shares are publicly traded on the London Stock Exchange.

Principal activities
The principal activity of John Laing Infrastructure Limited (the "Company" or the "Group") is the holding of investments on behalf of its ultimate parent, John Laing Group plc. The Group invests in a portfolio of investments in the subordinated loan stock and equity of Public Private Partnership ("PPP") infrastructure companies in the UK and Europe.

Future developments
The Company is not pursuing any other investments and will manage its existing portfolio until divestment of the investment or the end of the project term.

Financial risk management
The principal risk faced by the Company is price or revenue risk. The Company's exposure to liquidity risk is limited because it has significant net current assets and insignificant short term financial demands. Credit risk is low as the remaining investments are in PPP projects, the revenues of which are derived from central and local governmental bodies. The credit risk on amounts due from group undertakings is limited because the counterparty is a core company in the John Laing group with significant net assets and financial resources. The most material asset in the investment portfolio is the investment in the A130 road project where c50% of revenue is exposed to fluctuations in traffic volumes. As a result, the value of the Company's investment could reduce if traffic volumes reduce.

Going concern
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.

The Directors have assessed the impact of COVID-19 on the Group post the balance sheet date, in particular the impact on the remaining assets in its investment portfolio.

The most material asset in this portfolio is the investment in the A130 road project where c50% of revenue is exposed to fluctuations in traffic volumes. Although this project has seen significant reductions in traffic, the valuation is based on the full concession period which means it is insulated to some extent from short-term effects.

Whilst it is too early to fully assess the impact of the crisis, the Directors would expect to see some reduction in value in 2020. However, given that the Company's largest asset is an amount due from a parent undertaking, which is still considered to be recoverable, and that the Company has no significant liabilities, the Directors are satisfied that this will not have an adverse impact on the Company's ability to continue in operations for the foreseeable future.

Qualifying third party indemnity provisions
The Directors of the Company benefit from qualifying third party indemnity provisions provided by one of the Company's parent undertakings.

Directors' insurance
The Company's Directors are covered by insurance policies entered into by its ultimate parent undertaking, John Laing Group plc, that insure them against liability arising from negligence, breach of duty and breach of trust in relation to the Company.

Directors
The Directors who served throughout the year and up to the date of this report, except as noted, are shown on page 1.

Auditor
Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and Deloitte LLP will therefore continue in office.

Disclosure of information to the auditor
The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware, and each Director has taken all the steps that he or she ought to have taken as a Director to make himself or herself 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 provisions of Section 418 of the Companies Act 2006.

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 [date] and signed on its behalf by:

S M Colvin
Director
30 July 2020

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:
- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JOHN LAING INFRASTRUCTURE LIMITED

Report on the audit of the financial statements

Opinion
In our opinion the financial statements of John Laing Infrastructure Limited (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Group income statement;
- the Group and parent company balance sheets;
- the Group and parent company statements of changes in equity;
- the Group cash flow statement; and
- the related notes 1 to 20 of the Group financial statements and related notes 1 to 9 of the company financial statements.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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 group's or the parent 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF JOHN LAING INFRASTRUCTURE LIMITED

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 group's and the parent 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 parent company or to cease operations, or have no realistic alternative but to do so.

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

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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has 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 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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; or
- the Directors were not entitled to take advantage of the small companies' exemption in preparing the Directors' Report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

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.

D.Winstone

Daryl Winstone FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
30 July 2020

Group Income Statement
for the year ended 31 December 2019

	Note	2019 £'000	2018 £'000
Continuing operations			
Interest income	4	-	992
Dividend income	5	-	8,820
Net gains on investments at fair value through profit or loss	11	**3,379**	(10,073)
Other income		-	-
Operating income	6	**3,379**	(261)
Administrative expenses		**(4)**	12
Profit from operations	7	**3,375**	(249)
Finance income	8	**3,668**	3,829
Profit before tax		**7,043**	3,580
Tax	10	**780**	(3,246)
Profit after tax		**7,823**	334
Attributable to:			
Owner of the Company		**7,823**	334
		7,823	334

There is no other comprehensive income or expense apart from that disclosed above and consequently a separate statement of comprehensive income has not been prepared.

Group Balance Sheet
as at 31 December 2019

	Note	2019 £'000	2018 £'000
Non-current assets			
Investments at fair value through profit or loss	11	**21,633**	19,023
		21,633	19,023
Current assets			
Receivables - due within one year	12	**137,359**	135,867
Cash at bank and in hand		**9**	9
		137,368	135,876
Total assets		**159,001**	154,899
Current liabilities			
Payables - amounts falling due within one year	13	**(1,085)**	(3,134)
		(1,085)	(3,134)
Net current assets		**136,283**	132,742
Deferred tax liability	15	**(1,211)**	(2,883)
Total liabilities		**(2,296)**	(6,017)
Net assets		**156,705**	148,882
Equity			
Called up share capital	16	**47,137**	47,137
Share premium		**32,509**	32,509
Retained earnings		**77,059**	69,236
Equity attributable to owner of the Company		**156,705**	148,882

The financial statements of John Laing Infrastructure Limited, registered number 4401816, were approved by the Board of Directors and authorised for issue on 30 July 2020. They were signed on its behalf by:

S M Colvin
Director
30 July 2020

Group Statement of Changes in Equity
for the year ended 31 December 2019

	Called up share capital £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2019	**47,137**	**32,509**	**69,236**	**148,882**
Profit after tax and total comprehensive income	**-**	**-**	**7,823**	**7,823**
Balance at 31 December 2019	**47,137**	**32,509**	**77,059**	**156,705**

	Called up share capital £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2018	47,137	32,509	68,902	148,548
Profit after tax and total comprehensive income	-	-	334	334
Balance at 31 December 2018	47,137	32,509	69,236	148,882

Retained earnings and total comprehensive income
Retained earnings represents the accumulated profit or loss since the incorporation of the Company and accumulated revaluation arising on investments at fair value through profit and loss.

Group Cash Flow Statement
for the year ended 31 December 2019

	Notes	**2019**	2018
		£'000	£'000
Net cash inflow from operating activities	17	**-**	8,815
Investing activities			
Proceeds from disposal of investments		**769**	-
Net cash from investing activities		**769**	-
Financing activities			
Loans to parent undertaking		**(769)**	(8,817)
Net cash used in financing activities		**(769)**	(8,817)
Net decrease in cash at bank and in hand		**-**	(2)
Cash at bank and in hand at beginning of the year		**9**	11
Effect of foreign exchange rate changes		**-**	-
Cash at bank and in hand at end of the year		**9**	9

Notes to the Group Financial Statements for the year ended 31 December 2019

1 General information

John Laing Infrastructure Limited (the "Company" or the "Group") is a private limited company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The address of the registered office of the Company is given page 1. The nature of the Company's operations and its principal activities are set out in the Directors' Report on page 2.

Monetary amounts in these financial statements are rounded to the nearest £'000.

These financial statements are presented in pounds sterling, the functional currency and the currency of the primary economic environment in which the Company operates.

2 Accounting policies

a) Basis of preparation

The financial statements have been prepared under the historic cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 ("FRS 102") issued by the Financial Reporting Council ("FRC").

The Company does not consolidate its investments in subsidiaries or joint ventures held as part of an investment portfolio in accordance with FRS 102 section 9.9. This is explained further in the basis of consolidation below.

b) Going concern

The Group's principal activity is to hold investments in PPP companies that provide services under certain private finance agreements. The infrastructure projects are set up as special purpose companies under non-recourse arrangements and therefore the Group has limited exposure to their liabilities. In the event of default of an infrastructure project, the exposure is limited to the extent of the investment the Group has made. Having reviewed the Group's investment portfolio including the associated future cash requirements and forecast receipts, the Directors are satisfied that they have a reasonable expectation that the Group will have access to adequate resources to continue in existence for the foreseeable future.

In addition to above the Directors have specifically assessed the impact of COVID-19 on the Group post the balance sheet date, in particular the impact on the remaining assets in its investment portfolio.

The most material asset in this portfolio is the investment in the A130 road project where c50% of revenue is exposed to fluctuations in traffic volumes. Although this project has seen significant reductions in traffic, the valuation is based on the full concession period which means it is insulated to some extent from short-term effects.

Whilst it is too early to fully assess the impact of the crisis, the Directors would expect to see some reduction in value in 2020. However, given that the Company's largest asset is an amount due from a parent undertaking, which is still considered to be recoverable, and that the Company has no significant liabilities, the Directors are satisfied that this will not have an adverse impact on the Company's ability to continue in operations for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

c) Basis of consolidation

Investments in subsidiaries are held as part of an investment portfolio and accordingly, in accordance with FRS 102 section 9.9, are measured at fair value with changes in fair value recognised in profit or loss.

d) Investments in joint ventures

Investments in joint ventures are held as part of an investment portfolio and accordingly, in accordance with FRS 102 section 15.9 B, are measured at fair value with changes in fair value recognised in profit or loss.

***e)* Operating income**

The Group earns operating income from returns on its investment portfolio by reference to the following policies:

Interest income
Interest income is recognised when it is probable that economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued by reference to the principal outstanding and the applicable interest rate.

Dividend income
Dividend income from investments in project companies and other investments at fair value through profit or loss (FVTPL) is recognised when the Group's' rights to receive payment have been established. Dividend income is recognised gross of withholding tax, if any, and only when approved and paid by the project company.

Net gain on investments at FVTPL
Net gain on investments at FVTPL excludes interest and dividend income referred to above.

Other income
Fees receivable from project companies are recognised as services are provided.

Notes to the Group Financial Statements for the year ended 31 December 2019

2 Accounting policies (continued)

***f)* Financial instruments**

Financial assets and financial liabilities are recognised in the Group Balance Sheet when the Group becomes a party to the contractual provisions of the financial instrument.

Basic financial instruments, which primarily relate to amounts owed to and from parent, group and subsidiary undertakings are held at amortised cost using the effective interest method.

The Group derecognises a financial asset 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 of the asset to another entity. Financial assets are assessed for indications of impairment at each balance sheet date. The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

***g)* Taxation**

The tax charge or credit represents the sum of tax currently payable and deferred tax.

Current tax

Current tax payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Group Income Statement because it excludes both items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted, or substantively enacted, by the balance sheet date.

Deferred tax

Deferred tax liabilities are recognised for taxable temporary differences arising from investments in project companies, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The measurement of deferred tax liabilities on project companies reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. The carrying amount of deferred tax assets is reviewed at each balance sheet 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 to the Group 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 there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

***h)* Cash at bank and in hand**

Cash at bank and in hand comprises cash at bank and in hand and short term deposits with original maturities of three months or less.

***i)* Share capital**

Ordinary shares are classified as equity instruments on the basis that they evidence a residual interest in the assets of the Company after deducting all its liabilities.

j) Foreign currencies

Exchange differences arising in the ordinary course of trading are reflected in the Group income statement.

Income and expense items are translated at the average exchange rates for the period. Monetary assets and liabilities expressed in foreign currency are reported at the rate of exchange prevailing at the balance sheet date or, if appropriate, at the forward contract rate. Any difference arising on the retranslation of these amounts is taken to the Group income statement.

Notes to the Group Financial Statements for the year ended 31 December 2019

3 Critical accounting judgement and key sources of estimation uncertainty

In the application of the Group's accounting policies, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities. 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 made and the underlying assumptions on which they are based are reviewed regularly. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Fair value of investments in project companies

The Group measures at fair value the investments in subsidiaries and joint ventures that form part of an investment portfolio. These investments comprise investments in PPP/PFI project companies. The Group's policy is to fair value both the equity and subordinated debt investments in project subsidiaries, joint ventures and associates together. Subsequent to initial recognition, the investments are measured on a combined basis at fair value using discounted cash flow methodology, with changes recognised within operating income in the Group Income Statement.

A valuation of the Group's investment portfolio is prepared on a consistent, principally discounted cash flow basis at 31 December. The valuation is carried out on a fair value basis assuming that forecast cash flows are received until maturity of the underlying assets.

A base case discount rate for an operational project is derived from secondary market information and other available data points. The base case discount rate is then adjusted to reflect project-specific risks. In addition, risk premia are added during the construction phase to reflect the additional risk during construction. These premia reduce over time as the project progresses through its construction programme, reflecting the significant reduction in risk once the project reaches the operating stage.

The cash flows on which the discounted cash flow valuation is based are those forecast to be distributable to the Company at each balance sheet date, derived from detailed financial models. These incorporate assumptions reflecting the Group's expectations of likely future cash flows including value enhancements.

Notes to the Group Financial Statements for the year ended 31 December 2019

4 Interest income

	2019	2018
	£'000	£'000
Interest receivable on loans due from subsidiary and joint venture undertakings	-	992
	-	992

5 Dividend income

	2019	2018
	£'000	£'000
Dividends from investments	-	8,820
	-	8,820

6 Operating income

	2019	2018
Geographical analysis	£'000	£'000
UK	2,610	(423)
Europe	769	162
	3,379	(261)

7 Profit from operations

	2019	2018
Profit from operations has been arrived at after charging:	£'000	£'000
Fees payable to Company's auditor for the audit of the Company's financial statements	3	3
Fees payable to Company's auditor for the audit of the Company's subsidiaries' financial statements	18	23

8 Finance income

	2019	2018
	£'000	£'000
Interest receivable on amounts due from parent undertakings	3,668	3,829
	3,668	3,829

9 Employees and directors' remuneration

The Group had no employees during the year (2018 - nil).

No Directors received any remuneration for any services to the Group during the current or prior year. The Company is managed by secondees from the John Laing group.

Notes to the Group Financial Statements for the year ended 31 December 2019

10 Tax

The tax expense for the year comprises:

	2019	2018
	£'000	£'000
Current tax:		
UK corporation tax (expense) - current year	(1,081)	(1,393)
UK corporation tax credit - prior periods	189	-
Total current tax	(892)	(1,393)
Deferred tax:		
Deferred tax credit/(expense)	1,868	(2,071)
Impact of change in the UK tax rate	(196)	218
Total deferred tax (note 15)	1,672	(1,853)
Tax expense	780	(3,246)

The tax expense for the year can be reconciled to the profit in the Group Income Statement as follows:

	2019	2018
	£'000	£'000
Profit before tax	7,043	3,580
Tax at the UK corporation tax rate of 19% (2018 - 19%)	(1,338)	(680)
Tax effect of dividend income not taxable	-	1,676
Tax effect of expenses and other similar items that are not deductible	(386)	(385)
Tax effect of movement in fair value of investments	2,511	(4,075)
Adjustments in respect of prior years	189	-
Tax effect of change in rate	(196)	218
Total tax credit/(expense) for the year	780	(3,246)

For the year ended 31 December 2019, a tax rate of 19% has been applied (2018 – 19%). The reversal of the reduction of the main rate of corporation tax from 19% to 17%, effective from 1 April 2020, was substantively enacted by the Budget resolutions passed on 17 March 2020.

The Company has measured its deferred tax liability at 31 December 2019 at 17% because it expects the majority of the deferred tax asset will be realised after 1 April 2020. The UK Government had previously announced its intention to keep the tax rate at 19% rather than reduce it to 17% from 1 April 2020 but at 31 December 2019, the change to increase the tax rate to 19% from 1 April 2020 was not substantively enacted. The impact were the deferred tax liability to be recognised at 19% is £143,000.

Notes to the Group Financial Statements for the year ended 31 December 2019

11 Investments at fair value through profit or loss

	2019	2018
	Project companies	Project companies
	£'000	£'000
At 1 January	19,023	28,266
Non-cash movement in loans	-	(162)
Distributions	-	(8,820)
Disposals	(769)	-
Fair value movement	3,379	(261)
At 31 December	21,633	19,023

The fair value movement of £3,379,000 (2018 - £261,000 loss) above is shown on the Group Income Statement as interest income of £nil (2018 - £992,000), dividend income of £nil (2018 - £8,820,000) and net profit on investments of fair value through profit or loss of £3,379,000 (2018 - £10,073,000 loss).

Details of Investments in investment companies disposed of in the year ended 31 December 2019 were as follows:

	Date of completion	Original holding %	Holding disposed of %	Retained Holding %
Sold to other parties				
John Laing Infrastructure (German Holdings) Limited	27 November 2019	100.0	100.0	-

12 Receivables

	2019	2018
	£'000	£'000
Due within one year		
Amounts owed from parent undertakings	137,359	135,867
	137,359	135,867

Amounts owed by parent undertakings within one year are loans from parent undertakings of £133,691,000 (2018 - £132,038,000) and interest due on those loans of £3,668,000 (2018 - £3,829,000). These loans are repayable on demand and interest was charged at 2% above base rates from 1 January 2019 to 31 December 2019 (2018 - 2.5% above base rates from 1 January 2018 to 21 April 2018, 3% above base rates from 22 April 2018 to 24 July 2018 and 2% above base rates from 25 July 2018 to 31 December 2018).

In the opinion of the Directors the fair value of receivables is equal to the carrying value.

13 Payables

	2019	2018
	£'000	£'000
Due within one year		
Accruals	(4)	(3)
Group relief payable	(1,081)	(3,131)
	(1,085)	(3,134)

Notes to the Group Financial Statements for the year ended 31 December 2019

14 Financial instruments

At 31 December 2019, financial assets at fair value through profit or loss, which comprised investments at fair value through profit or loss, were £21,633,000 (31 December 2018 - £19,023,000).

15 Deferred tax liability

The following are the major deferred tax liabilities and movement therein recognised by the Group in the year ended 31 December 2019 and 31 December 2018.

	Deferred tax on fair value of investments
	£'000
Opening liability at 1 January 2019	(2,883)
Credit to income - current year	1,672
Closing liability at 31 December 2019	(1,211)
Opening liability at 1 January 2018	(1,030)
Charge to income - current year	(1,853)
Closing liability at 31 December 2018	(2,883)

A deferred tax liability has been recognised on £7.1 million (31 December 2018 - £17.0 million) relating to future interest receivable from investments held at fair value.

During the year beginning 1 January 2020, the net reversal of deferred tax liabilities is estimated as £nil because no interest income is expected to be recognised in 2020.

Notes to the Group Financial Statements for the year ended 31 December 2019

16 Called up share capital

	2019 £'000	2018 £'000
Allotted, called up and fully paid:		
47,136,795 ordinary shares of £1.00 each	**47,137**	47,137

The Company has one class of ordinary shares which carry no right to fixed income.

17 Net cash inflow from operating activities

	2019 £'000	2018 £'000
Profit from operations	**3,375**	(249)
Adjustments for:		
Unrealised profit arising on changes in fair value of investments in project companies	**(3,379)**	10,073
Operating cash (outflow)/inflow before movements in working capital	**(4)**	9,824
Increase in interest receivable	**-**	(992)
Increase/(decrease) in creditors	**4**	(17)
Cash inflow from operations	**-**	8,815
Income taxes received / (paid)	**-**	-
Net cash inflow from operating activities	**-**	8,815

18 Guarantees, contingent assets and liabilities and other commitments

On 14 August 2018 and 5 October 2018, the Company became an indemnitor on the John Laing Group's uncommitted bonding facility from Chubb. At 31 December 2019, the sum outstanding on this facility was £Nil (31 December 2018 - £7.8 million).

At 31 December 2019, the Company had no future commitments on investments (31 December 2018- £Nil).

Notes to the Group Financial Statements for the year ended 31 December 2019

19 Transactions with related parties

As a wholly owned subsidiary of John Laing Group plc, the Company has taken advantage of the exemption under FRS 102 Section 33 not to provide information on related party transactions with other undertakings in the John Laing Group plc group. A copy of the published financial statements of John Laing Group plc can be obtained from www.laing.com.

The Group entered into the following trading transactions with project companies:

	2019	2018
	£'000	£'000
Dividend income from project companies	-	8,820
Balances at year end		
Amounts due from project companies	-	-
Subordinated debt loans to project companies	**9,375**	**9,375**

Notes to the Group Financial Statements for the year ended 31 December 2019

20 Investments

Company name	Ownership interest	Operation	Country of incorporation	Registered office
Subsidiary project companies (measured at fair value)				
CountyRoute (A130) plc	100%	Road concession operator	United Kingdom	Note 1
CountyRoute 2 Limited	100%	Road concession operator	United Kingdom	Note 1
CountyRoute Limited	100%	Road concession operator	United Kingdom	Note 1
Joint venture project companies (measured at fair value)				
Severn River Crossing plc[1]	35%	Toll bridge concessionaires	United Kingdom	Note 2

Notes:
1) The registered office of these companies is: 8 White Oak Square, London Road, Swanley, Kent, BR8 7AG.
2) The registered office of this company is: Bridge Access Road, Aust, South Gloucestershire, BS35 4BD.

[1]Following the concession agreement on the Severn River Crossings PPP project coming to an end in January 2018, the underlying project company, Severn River Crossing plc, was put into members' voluntary liquidation and this completed in June 2020. The project company will deemed to be dissolved in September 2020.

Company Balance Sheet
as at 31 December 2019

	Note	2019 £'000	2018 £'000
Non-current assets			
Investments	2	**3,108**	597
Current assets			
Debtors			
- due within one year	3	**155,785**	154,293
Cash at bank and in hand		**9**	9
		155,794	154,302
Current liabilities			
Creditors: amounts falling due within one year	4	**(1,085)**	(3,134)
Net current assets		**154,709**	151,168
Total assets less current liabilities		**157,817**	151,765
Net assets		**157,817**	151,765
Capital and reserves			
Called up share capital	6	**47,137**	47,137
Share premium account		**32,509**	32,509
Profit and loss account		**78,171**	72,119
Shareholder's funds		**157,817**	151,765

In accordance with section 408 of the Companies Act 2006, no separate profit and loss account has been presented for the Company. For the year ended 31 December 2019, the Company reported a profit of £6.1 million (2018 - £9.5 million).

The financial statements of John Laing Infrastructure Limited, registered number 4401816, were approved by the Board of Directors and authorised for issue on 30 July 2020. They were signed on its behalf by:

S M Colvin
Director
30 July 2020

Company Statement of Changes in Equity
for the year ended 31 December 2019

	Called up share capital £'000	Share premium £'000	Profit and loss account £'000	Total equity £'000
Balance at 1 January 2019	**47,137**	**32,509**	**72,119**	**151,765**
Profit after tax and total comprehensive income	-	-	**6,052**	**6,052**
Balance at 31 December 2019	**47,137**	**32,509**	**78,171**	**157,817**

	Called up share capital £'000	Share premium £'000	Profit and loss account £'000	Total equity £'000
Balance at 1 January 2018	47,137	32,509	62,628	142,274
Profit after tax and total comprehensive income	-	-	9,491	9,491
Balance at 31 December 2018	47,137	32,509	72,119	151,765

Profit and loss account
The profit and loss account represents the accumulated profit or loss since the incorporation of the Company.

Notes to the Company Financial Statements for the year ended 31 December 2019

1 ACCOUNTING POLICIES

a) Basis of preparation of financial statements

The financial statements have been prepared under the historic cost convention and in accordance with Financial Reporting Standard 102 ("FRS 102") issued by the Financial Reporting Council ("FRC"). These financial statements are presented in pounds sterling, the functional currency and the currency of the primary economic environment in which the Company operates. The principle accounting policies of the Company are set out below.

The Company's principal activity is to hold investments in PPP project companies that provide services under certain private finance agreements. The infrastructure projects are set up as a special purpose companies under non-recourse arrangements and therefore the Company has limited exposure to their liabilities. In the event of default of an infrastructure project, the exposure is limited to the extent of the investment the Company has made. Having reviewed the Company's investment portfolio including the associated future cash requirements and forecast receipts, and the level of facilities within the John Laing Group plc corporate banking facility to which the Company is a co-borrower, 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. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements. Exemptions have been taken in relation to financial instruments and the presentation of a cash flow statement.

b) Revenue recognition

Revenue recognition is determined by reference to the following policies:

- Dividend income from investments in project companies and other investments is recognised when the Company's right to receive payment has been established. Dividend income is recognised gross of withholding tax, if any, and only when approved and paid by the project company.

- 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 by reference to the principal outstanding and the applicable interest rate.

c) Investments

Fixed asset investments are shown at cost less provision for impairment.

An impairment is reversed in the current period, to the extent of the carrying value of the investment had the original impairment not occurred, if there is a change in economic conditions or a change in expected use of the investment. If the increase in value of the investment arises from mechanical factors affecting the discounted present value, such as the passage of time either bringing future cash inflows closer or overtaking future cash outflows, such an increase in value is not considered to be a reversal of the events or circumstances which led to the impairment in the first place.

Notes to the Company Financial Statements for the year ended 31 December 2019 (continued)

1 ACCOUNTING POLICIES (CONTINUED)

d) Taxation

Current tax, including United Kingdom corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

In accordance with section 29 of FRS 102: Deferred Tax, deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured at the average tax rates that are expected to apply in the period in which the timing differences are expected to reverse, based on the tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are not discounted.

e) Foreign currency

Translations into sterling are made at the average rates ruling throughout the year for profit and loss account items.

Exchange differences arising in the ordinary course of trading are reflected in the profit and loss account; those arising on translation of net equity are dealt with as a movement in reserves.

Monetary assets and liabilities expressed in foreign currency are reported at the rate of exchange prevailing at the balance sheet date, or if appropriate, at the forward contract rate. Any difference arising on retranslation of these amounts is taken to the profit and loss account.

f) 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 value of assets and liabilities. These estimates and assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from estimates.

The critical accounting estimate in the preparation of the financial statements is impairment of investments. Impairment is assessed based on the valuation of the investment. The valuation is carried out on a fair value basis assuming that forecast cash flows are received until maturity of the project. A base case discount rate is derived from secondary market information and other available data points. The base case discount rate is then adjusted to reflect project-specific risks. The cash flows on which the discounted cash flow valuation is based are those forecast to be distributable to the Company at each balance sheet date. These incorporate assumptions reflecting the Company's expectations of likely future cash flows including value enhancements.

Notes to the Company Financial Statements for the year ended 31 December 2019 (continued)

2 INVESTMENTS

	Subsidiary undertakings	Joint ventures		
	Equity £'000	Equity £'000	Loans £'000	Total £'000
Cost				
At 1 January 2019	3,047	1,517	-	4,564
At 31 December 2019	3,047	1,517	-	4,564
Provisions for impairment				
At 1 January 2019	(2,450)	(1,517)	-	(3,967)
Credit for the year	2,450	61	-	2,511
At 31 December 2019	-	(1,456)	-	(1,456)
Net book value				
At 31 December 2019	3,047	61	-	3,108
At 31 December 2018	597	-	-	597

The Company's subsidiary and joint venture undertakings are listed on page 19.

Significant changes in investments during the year ended 31 December 2019:

On 27 November 2019, the Company sold its 100% interest in John Laing Infrastructure (German Holdings) Limited, through which it held a 42.5% interest in A1 mobil GmbH & Co. KG, for €900,000. This investment had been previously impaired to £nil.

In January 2018, the concession agreement on the Severn River Crossings PPP project came to an end and subsequently the project company was put into liquidation in late 2018. The Company received a final distribution from the project in February 2020 of £60,481 and the liquidation completed in June 2020.

3 DEBTORS

	2019 £'000	2018 £'000
Due within one year		
Amounts owed from parent undertakings	137,359	135,867
Amounts owed from subsidiary undertakings	18,426	18,426
	155,785	154,293

Amounts owed by parent undertakings within one year are loans from parent undertakings of £133,691,302 (2018 - £132,038,000) and interest due on those loans of £3,667,914 (2018 - £3,829,000). These loans are repayable on demand and interest was charged at 2% above base rates from 1 January 2019 to 31 December 2019 (2018 - 2.5% above base rates from 1 January 2018 to 21 April 2018, 3% above base rates from 22 April 2018 to 24 July 2018 and 2% above base rates from 25 July 2018 to 31 December 2018).

Amounts owed from subsidiary undertakings, which comprise loans and accrued interest on the loans, are net of impairments of £nil (2018 - £48,491,000). The loans are repayable in line with agreements with the undertakings and interest is charged at agreed arm's length interest rates.

4 CREDITORS

	2019 £'000	2018 £'000
Amounts falling due within one year		
Group relief payable	(1,081)	(3,131)
Accruals and deferred income	(4)	(3)
	(1,085)	(3,134)

5 CAPITAL COMMITMENTS, CONTINGENT LIABILITIES AND FINANCIAL COMMITMENTS

On 14 August 2018 and 5 October 2018, the Company became an indemnitor on the John Laing Group's uncommitted bonding facility from Chubb. At 31 December 2019, the sum outstanding on this facility was £nil (31 December 2018 - £7.8 million).

At 31 December 2019, the Company had no future commitments on investments (31 December 2018 - £nil).

6 CALLED UP SHARE CAPITAL

	2019 £'000	2018 £'000
Allotted, called up and fully paid:		
47,136,795 ordinary shares of £1.00 each	47,137	47,137

7 TRANSACTIONS WITH RELATED PARTIES

As a wholly owned subsidiary of John Laing Group plc, the Company has taken advantage of the exemption under FRS 102 Section 33 not to provide information on related party transactions with other undertakings in the John Laing Group plc group. A copy of the published financial statements of John Laing Group plc can be obtained from www.laing.com.

8 ULTIMATE PARENT UNDERTAKING

The Company's immediate parent company is John Laing Investments Limited, a company incorporated in the United Kingdom.

The Company's ultimate parent and controlling entity at 31 December 2019 is John Laing Group plc, a company incorporated in the United Kingdom. Copies of the Group financial statements of John Laing Group plc are available from its registered office at 1 Kingsway, London, WC2B 6AN. Company results were not consolidated by any of its parent undertakings.

9 EVENTS AFTER THE BALANCE SHEET DATE

The Directors have assessed the impact of COVID-19 on the Company post the balance sheet date and determined there to be no material impact on the Company's ablity to continue as a going convern. The Company's investment in the A130, for which circa 50% of revenue is exposed to volume has been assessed and given the remaining length of time on the concession, the belief is that it is relatively insulated from short-term effects.