

TCI Fund Management (UK) Limited

Annual Report and Financial Statements

For the Year Ended 28 February 2014

Company Registration No. 4706248 (England and Wales)

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TCI Fund Management (UK) Limited

Registered No. 4706248

Company Information

Director	C Hohn
Company number	4706248
Business address/Registered office	7 Clifford Street London W1S 2FT
Independent Auditors	PricewaterhouseCoopers LLP 7 More London Riverside London SE1 2RT

TCI Fund Management (UK) Limited

Registered No. 4706248

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Strategic Report

Business Model

The principal activity of the Company is that of acting as a service company to The Children's Investment Fund Management (UK) LLP, which is engaged in investment management, and TCI Fund Services LLP, which is engaged in providing operational support functions to fund management businesses (together 'the Partnerships').

These financial statements relate to the Company only. Full consolidated financial statements are prepared by TCI Fund Holdings Limited.

Strategic Objectives

The Company's objective is to ensure it can function effectively as a service company to the Partnerships.

Business Update

The profit on ordinary activities before taxation in the year to 28 February 2014 was £11,522,852 (2013: £5,448,129).

The Director is satisfied with the results for the year and is optimistic about the future profitability of the Company, as the Company continues to provide services to the Partnerships.

Key Performance Indicators ("KPI's")

The key performance indicators used by the Director for an understanding of the development and performance of the Company include monthly management accounts, expense reports and cash flow projections) which are reviewed by the Director on a regular basis.

Principal Risks and Uncertainties

The management of the Company and execution of its strategy are subject to a number of risks. The key business risks and uncertainties affecting the Company are considered to relate to the performance of Partnerships and the need for the provision of services. The Company's principal risks and uncertainties can be broadly grouped as - operational, business and financial/credit risk.

a) Operational Risk

The Company has appropriate controls in place to manage its operational risk, including system failures, fraud and theft, failure to comply with taxation requirements and breach of regulatory rules and other legislation.

Strategic Report *(continued)*

b) Business Risk

The key business risks and uncertainties affecting the business are considered to relate to the performance of its serviced companies, The Children's Investment Fund Management (UK) LLP and TCI Fund Services LLP, and changes in the regulatory environment. The Company has appropriate controls in place to identify and address business risks relating to changes in the regulatory environment requirements and breach of regulatory rules and other legislation.

c) Financial/Credit Risk

Whilst the Company believes this risk to be minimal, it manages its business to limit undue counterparty exposure and ensures it has sufficient working capital.

On behalf of the board



C Hohn
Director

Date: 26 November 2014

TCI Fund Management (UK) Limited

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Director's Report

The Director presents his annual report and audited financial statements of TCI Fund Management (UK) Limited (the 'Company') for the Year Ended 28 February 2014.

Results and Dividends

The Director is satisfied with the results for the year and is optimistic about the future profitability of the Company, as the Company continues to provide services to the Partnerships.

The Director does not recommend the payment of a dividend (2013: £nil).

Going Concern

The Company's business activities and the principal business risks considered by the Director are described above.

The Company has adequate financial resources. As a consequence, the Director believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The Director has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. As a consequence, the Director believes that the Company is well placed to manage business risks successfully despite the current uncertain economic outlook. Thus the Company continues to adopt the going concern basis of accounting in preparing the financial statements.

Director

The following Director has held office during the year and up to the date of signing the financial statements:

C Hohn

Financial risk management

The risk management of the Company has been detailed within the Strategic Report on pages 4 and 5.

TCI Fund Management (UK) Limited

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Director's Report *(continued)*

Disclosure of information to auditors

The Director who held office at the date of approval of this Director's Report confirmed that, so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware; and that the Director has taken all the steps that they ought to have taken as Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

The Director confirms that the requirements in the Statement of Director's Responsibilities in respect of the Director's Report and the Financial Statements have been met in preparing these Financial Statements.

Subsequent Events

There are no subsequent events relating to the Company to report.

Independent Auditors

In accordance with Section 485 of the Companies Act 2006, a resolution for the re-appointment of PricewaterhouseCoopers LLP, as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

On behalf of the board



C Hohn
Director

26 NOVEMBER 2014

Statement of Director's Responsibilities

The Director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Director to prepare financial statements for each financial year. Under that law the Director has prepared the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Director must not approve the financial statements unless the Director is 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 year. In preparing these financial statements, the Director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Director is 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 him to ensure that the financial statements comply with the Companies Act 2006. The Director is 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 Auditors' Report to the Members of TCI Fund Management (UK) Limited

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 28 February 2014 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by TCI Fund Management (UK) Limited, comprise:

- the balance sheet as at 28 February 2014;
- the profit and loss account for the year then ended;
- the cash flow statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the director has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Director's Report and Financial Statements (the "Annual Report") to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent Auditors' Report to the Members of TCI Fund Management (UK) Limited
(continued)

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Director's remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of director's remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

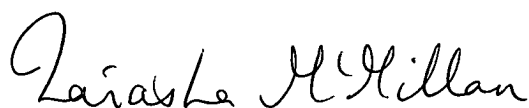
Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Director's Responsibilities set out on page 8, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.



Natasha McMillan (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

26 November 2014

TCI Fund Management (UK) Limited

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Profit and Loss Account for the Year Ended 28 February 2014

		Year ended 28 February 2014 £	Year ended 28 February 2013 £
	Note		
Turnover		14,879,935	7,988,403
Gain on foreign exchange transactions		78	-
Administrative expenses		(3,357,161)	(2,540,274)
Profit on ordinary activities before taxation	2	11,522,852	5,448,129
Tax on profit on ordinary activities	3	(2,384,487)	(1,648,320)
Profit for the financial year	10	9,138,365	3,799,809

The Profit and Loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those included in the results above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit for the financial year and the historical cost equivalents.

The accounting policies and the notes on pages 15 to 22 form an integral part of these financial statements.

TCI Fund Management (UK) Limited

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Balance Sheet as at 28 February 2014

	Note	2014 £	2013 £
Fixed assets			
Tangible assets	4	45,803	66,127
Investments	5	<u>71,098,888</u>	<u>63,459,205</u>
		<u>71,144,691</u>	<u>63,525,332</u>
Current assets			
Debtors	6	4,139,684	3,084,029
Cash at bank and in hand		<u>1,573,882</u>	<u>785,258</u>
		5,713,566	3,869,287
Creditors: amounts falling due within one year	7	<u>(491,147)</u>	<u>(104,384)</u>
Net current assets		<u>5,222,419</u>	<u>3,764,903</u>
Total assets less current liabilities		76,367,110	67,290,235
Creditors: amounts falling due after more than one year	8	<u>(149,592)</u>	<u>(211,082)</u>
Net assets		<u>76,217,518</u>	<u>67,079,153</u>
Capital and reserves			
Called up share capital	9	13,741	13,741
Share premium account	10	2,277,261	2,277,261
Profit and loss account	10	<u>73,926,516</u>	<u>64,788,151</u>
Total shareholders' funds	11	<u>76,217,518</u>	<u>67,079,153</u>

The accounting policies and the notes on pages 15 to 22 form an integral part of these financial statements.

The financial statements on pages 11 to 22 were approved by the board of directors on 26 November 2014.



C Hohn
Director

TCI Fund Management (UK) Limited

Registered No. 4706248

Cash Flow Statement for the Year Ended 28 February 2014

	Year ended 28 February 2014 £	Year ended 28 February 2014 £	Year ended 28 February 2013 £	Year ended 28 February 2013 £
Net cash inflow from operating activities		3,043,151		3,674,382
Taxation		(2,209,505)		(3,188,858)
Capital expenditure and financial investment				
Payments to acquire tangible assets	(45,022)		(4,665)	
Payments to acquire fixed asset investments	-		(5,200)	
Net cash outflow for capital expenditure		(45,022)		(9,865)
Increase in cash in the year		788,624		475,659

Notes to the Cash Flow Statement for the Year Ended 28 February 2014

Reconciliation of operating profit to net cash inflow from operating activities

	Year Ended 28 February 2014 £	Year Ended 28 February 2013 £
Operating profit	11,522,852	5,448,129
Depreciation of tangible assets	65,346	150,908
(Increase) in debtors	(1,230,637)	(1,532,579)
Increase/(decrease) in creditors	325,273	(392,076)
Non cash movements	(7,639,683)	-
Net cash inflow from operating activities	<u>3,043,151</u>	<u>3,674,382</u>

Non cash movements represent movement of assets across the group which were settled in specie.

Analysis of net funds

	2014 £	Cash Flow £	2013 £
Cash at bank and in hand	<u>1,573,882</u>	<u>788,624</u>	<u>785,258</u>
	<u>1,573,882</u>	<u>788,624</u>	<u>785,258</u>

Reconciliation of net cash flow to movement in net funds

	2014 £	2013 £
Increase in cash in the year	<u>788,624</u>	<u>475,659</u>
Movement in net funds in the year	<u>788,624</u>	<u>475,659</u>
Opening net funds	<u>785,258</u>	<u>309,599</u>
Closing net funds	<u>1,573,882</u>	<u>785,258</u>

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Notes to the financial statements *(forming part of the financial statements)*

1 Accounting policies

(a) Basis of preparation

The Financial Statements are prepared on the going concern basis under the historical cost convention, and in accordance with the Companies Act 2006 and applicable United Kingdom Accounting Standards. A summary of the accounting policies which have been applied on a consistent basis, is set out below.

(b) Turnover

Turnover represents amounts invoiced to group entities for expenses incurred on their behalf, rental income from sub-letting of leased business premises and profit allocations received from The Children's Investment Fund Management (UK) LLP, (the 'Partnership') in which the Company has an interest. All amounts are net of VAT.

(c) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

IT equipment	3 years straight line
Fixtures and fittings	3 years straight line
Office equipment	3 years straight line

(d) Fixed asset investments

Fixed asset investments are stated at cost less provision for impairment in value. Income from these investments is recognised when entitlement is established.

(e) Taxation

The charge for taxation is based on the results for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised in respect of all timing differences which have arisen but not reversed by the balance sheet date where transactions or events results in an obligation to pay additional tax in the future, or a right to pay less taxation in the future.

A deferred tax asset is not recognised to the extent that the transfer of economic benefit is uncertain. Deferred tax is measured on a non-discounted basis.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

(f) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of transaction. All exchange differences are taken to the profit and loss account.

(g) Operating leases

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

(h) Financial instruments

The Company has not adopted the Companies Act fair value accounting rules. The Company and subsidiaries are therefore exempt from compliance with FRS 26 "Financial Instruments: Recognition and Measurement".

2 Profit on ordinary activities before taxation

	Year ended 28 February 2014 £	Year ended 28 February 2013 £
Profit on ordinary activities before taxation		
Depreciation of tangible assets	65,346	150,908
Operating lease rentals	1,914,506	1,614,148
(Gain) on foreign exchange transactions	(78)	-
<i>Services provided by the Company's auditors:</i>		
Fees payable to the Company auditors for the audit of the Company's financial statements	5,239	4,962
Fees payable for other services - taxation services	7,088	15,050

There were no employees during the year other than the Director (2013: none). The Director received no remuneration during the year (2013: £nil).

Notes to the financial statements *(continued)*

3 Tax on profit on ordinary activities

	Year ended 28 February 2014 £	Year ended 28 February 2013 £
Current tax		
UK corporation tax on profits of the year	2,317,953	496,902
Adjustments in respect of prior year	66,534	1,151,418
Tax on profit on ordinary activities	2,384,487	1,648,320
The tax accrual for the year is higher (2013: higher) than the rate of corporation tax in the UK of 23% (2013: 24%).		
Profit on ordinary activities before taxation	11,522,852	5,448,129
Profit on ordinary activities before taxation multiplied by the standard rate of UK corporation tax (2014: average 23.08%; 2013: 24.18%)	2,660,674	1,316,805
Effects of:		
Group relief	-	(5,098)
Depreciation - disallowed	15,089	36,491
Expenses not deductible for tax purposes	9,905	70,812
Allocation of income from Partnership already subject to tax in prior year	(2,619,117)	(1,066,009)
Tax estimate of income from Partnership not yet allocated	144,261	143,901
Charitable donations	(144,279)	-
Adjustment in respect of prior year - adjustment in respect of under accrual of prior year tax	2,317,954	1,151,418
Current tax charge for the year	2,384,487	1,648,320

The UK main corporation tax rate has been reduced from 24% to 23% with effect from 1 April 2013. Further reductions in the UK corporation tax rate to 21% with effect from 1 April 2014 are not reflected in these financial statements.

Notes to the financial statements *(continued)*

4 Tangible fixed assets

	IT Equipment	Fixtures and fittings	Office equipment	Total
	£	£	£	£
Cost				
At 1 March 2013	1,329,653	656,103	422,087	2,407,843
Additions	43,284	-	1,738	45,022
At 28 February 2014	1,372,937	656,103	423,825	2,452,865
Accumulated depreciation				
At 1 March 2013	1,270,736	648,893	422,087	2,341,716
Charge for the year	58,136	7,210	-	65,346
At 28 February 2014	1,328,872	656,103	422,087	2,407,062
Net book value				
At 28 February 2014	44,065	-	1,738	45,803
At 1 March 2013	58,917	7,210	-	66,127

Notes to the financial statements *(continued)*

5 Fixed asset investments

	Interest in subsidiary undertakings	Investments other than loans	Total
	£	£	£
Cost			
At 1 March 2013	1,628,100	61,831,105	63,459,205
Additions	1,001	7,638,682	7,639,683
Disposals	-	-	-
At 28 February 2014	1,629,101	69,469,787	71,098,888
Provisions			
At 1 March 2013	-	-	-
Adjustment for disposals	-	-	-
At 28 February 2014	-	-	-
Net book value			
At 28 February 2014	1,629,101	69,469,787	71,098,888
At 1 March 2013	1,628,100	61,831,105	63,459,205

The investment in the interest of The Children's Investment Fund Management (UK) LLP of £1,629,100 (2013: £1,628,100) entitles the Company to 51% of the voting rights in this entity. The investment in TCI Management 1 Limited of £1 (2013: nil) entitles the Company to 100% of the voting rights.

The amounts disclosed within investments other than loans represent an interest in Illaunslea Capital Limited Partnership, an entity registered in Jersey. The Company has 49.9% of the voting rights (2013: 49.9%).

The undertakings in which the Company's interest at the year end is more than 20% are as follows:

Limited Liability Partnership	Country of registration or incorporation	Voting rights held %	Principal activity
The Children's Investment Fund Management (UK) LLP	England and Wales	51%	Investment management
Illlaunslea Capital Limited Partnership	Jersey, Channel Islands	49.9%	Holding of investments
TCI Management 1 Limited	England and Wales	100%	Dormant

In the opinion of the Director, the aggregate value of the Company's investments is not less than the amount included in the balance sheet.

Notes to the financial statements *(continued)*

6 Debtors

	2014	2013
	£	£
Amounts owed by group undertakings	162,045	1,000
Other debtors	3,518,421	2,473,033
Amounts receivable in respect of corporation tax	198,427	373,409
Prepayments	218,482	212,091
Accrued income	42,309	24,496
	<u>4,139,684</u>	<u>3,084,029</u>

The amounts owed by Group undertakings are unsecured, interest free and repayable on demand.

7 Creditors: amounts falling due within one year

	2014	2013
	£	£
Amounts owed to Group undertakings	386,466	-
Trade creditors	8,862	4,880
Other creditors	61,490	68,409
Accruals and deferred income	34,329	31,095
	<u>491,147</u>	<u>104,384</u>

The amounts owed to Group undertakings are unsecured, interest free and repayable on demand.

8 Creditors: amounts falling due after more than one year

	2014	2013
	£	£
Other creditors	<u>149,592</u>	<u>211,082</u>

Other creditors of £149,592 (2013: £211,082) relates to operating lease incentives received in respect of the Company's business premises.

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Notes to the financial statements *(continued)*

9 Called up share capital

	2014 £	2013 £
Authorised		
100,000 (2013: 100,000) Ordinary shares of £1 each	100,000	100,000
Allotted and fully paid		
13,741 (2013: 13,741) Ordinary shares of £1 each	13,741	13,741

10 Share premium and reserves

	Share premium account £	Profit & Loss account £
Balance at 1 March 2013	2,277,261	64,788,151
Profit for the financial year	-	9,138,365
Balance at 28 February 2014	2,277,261	73,926,516

11 Reconciliation of movements in shareholders' funds

	2014 £	2013 £
Profit for the financial year	9,138,365	3,799,809
Opening shareholders' funds	67,079,153	63,279,344
Closing shareholders' funds	76,217,518	67,079,153

TCI Fund Management (UK) Limited

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Notes to the financial statements (continued)

12 Financial commitments

As at the year end, the Company had no capital commitments (2013: £nil). The Company's annual commitments under non-cancellable operating leases are as follows:

	Land and buildings 2014 £	Land and buildings 2013 £
Expiry date:		
Between two and five years	-	-
Over five years	1,761,067	1,761,067
	<u>1,761,067</u>	<u>1,761,067</u>

13 Related party transactions

The Company has taken advantage of the exemptions conferred by Financial Reporting Standard 8 – Related Party Disclosures not to disclose transactions with other Group entities as its immediate parent undertaking TCI Fund Holdings Limited prepares consolidated financial statements which are publicly available, and TCI Fund Holdings Limited wholly owns the Company.

During the year the Company received an annual preferred profit share from its investment in Illaunslea Capital Limited Partnership (referred to as 'Illlaunslea') of £921,665 (2013: £978,105) with £3,349,554 remaining outstanding as at 28 February 2014 (2013: £2,427,889). Illaunslea is related due to C Hohn also being a limited partner of this entity.

The Company recharged expenses to TCI Fund Services LLP totalling £1,199,329 during the year (2013: £1,088,418) with £162,045 remaining outstanding as at 28 February 2014 (2013: £nil), and also recharged expenses to The Children's Investment Fund Management (UK) LLP (the 'Partnership') of £599,818 (2013: £574,944) with an amount outstanding of £73,557 from the Partnership (2013: £nil due from the Partnership). The Company also received a profit share of £11,342,876 from the Partnership (2013: £4,856,955) with £460,021 remaining outstanding as at 29 February 2014 (2013 : £ nil). Both entities are related as ultimately both are controlled by C Hohn, who is a director of the Company.

The Company also recharged expenses to The Children's Investment Fund Foundation ("CIFF") in respect to premises costs totalling £667,679 (2013: £363,416) and received £576,384 (2013: £363,416) in respect of these expenses. CIFF is related due to C Hohn being a trustee of CIFF.

14 Control

The Company's immediate parent undertaking is TCI Fund Holdings Limited. TCI Fund Holdings Limited is the parent undertaking of the group which consolidates these financial statements. The consolidated financial statements of TCI Fund Holdings Limited are available from 7 Clifford Street, London W1S 2FT.

The ultimate parent undertaking is The Children's Investment Fund Management (Cayman) Ltd, an entity registered in the Cayman Islands. The ultimate controlling party is C Hohn.