

Consolidated Investment Holdings Limited

**Annual report and consolidated
financial statements**

Registered number 05590097

31 December 2018



Contents

Strategic Report	1
Directors' report	3
Statement of Directors' Responsibilities in respect of the Annual Report and the Financial Statements	5
Independent auditors' report to the members of Consolidated Investment Holdings Limited	6
Consolidated Statement of Comprehensive Income	9
Consolidated Statement of Other Comprehensive Income	10
Consolidated Balance Sheet	11
Company Balance Sheet	12
Consolidated Statement of Changes in Equity	13
Company Statement of Changes in Equity	14
Consolidated Cash Flow Statement	15
Notes to the Financial Statements	16

Strategic Report

Group's objectives

The Group's objectives are to invest in PFI project companies to provide long-term returns for its investors. Returns from the PFI project companies are generally positively correlated to inflation movements.

Group's strategy

To ensure that the Group achieves its objectives, the strategy is to implement procedures for effective oversight and governance of the companies in which it has invested, through direct representation on the boards of those companies. This includes oversight of health and safety issues, measures to minimise performance and availability deductions, monitoring cash levels and cash flow ratios and maintenance of good working relationships between all stakeholders.

Business review

The PFI project companies cover a range of sectors, including healthcare, education and government accommodation. Each project company has a single contract with a public sector counterparty and revenue is primarily a fee for making the PFI asset available for use. Revenue and subcontracted service costs are inflation linked which provides a high degree of certainty over cash flow which in turn supports high borrowing levels which are typical of PFI structures.

At 31 December 2018, 14 projects were fully operational (*2017: 14 projects fully operational*). Operational issues have been identified on a number of projects, mainly in connection with fire-stopping works, and there is ongoing dialogue with the facilities maintenance contractors and the original construction subcontractor. Insurers have been informed. Despite this, investment returns have been largely in line with budget expectations.

Group revenues have largely been in line with expectations, with very few deductions applied for non-availability of the assets.

During 2016, certain construction defects were discovered in the main Treasury Building formerly Government Offices, Great George Street Whitehall project. The company is undertaking a programme of remedial works and will seek to recover costs incurred from the construction contractor to the fullest extent possible.

As a result of the construction defects in the National Maritime College of Ireland project, the directors have entered into negotiations with all contract parties in order to negotiate a settlement figure. The construction contractor is undertaking a programme of remedial works. The directors have appointed technical experts to determine the full extent of the remedial works required and to provide assurance that the works are being carried out to the appropriate standard.

Principal risks and uncertainties

Compliance with the detailed and complex operational requirements of the PFI projects remains a key risk given the potential termination consequences. Directors receive regular reports on actual performance compared to termination trigger thresholds. Any such deductions are generally passed down to the subcontractors so there is usually no direct financial consequence to the group. Sustained non-availability can lead to contract termination but none of the group's PFI schemes has breached such termination trigger points.

Operational risks

All the projects are currently in their operational phase and operational risks are monitored closely. This takes the form of representation on site through the Company's management services agent and periodic reporting by the independent Technical Assessor.

There is a risk that deteriorating project economics could reduce shareholder returns to such an extent that the discounted future value of these returns is lower than the carrying value of the investments on the company's balance sheet. The company monitors the economics of individual projects with reference to detailed operating budgets and is satisfied that the current valuations are supported by the present value of future shareholder returns, acknowledging the subjectivity in the selection of discount rates for such calculations.

Continued funding

Another risk is the continued funding from the public sector counterparties to the PFI project agreements, especially as these counterparties are under pressure to make savings in their operational PFI contracts. To date, most of the pressure to make such cost savings has fallen on the sub-contractors to the project companies rather than on the project companies themselves. Furthermore, it is understood that current policy from central government is not to encourage voluntary termination of PFI projects.

Financial risk management

Interest rate risk on senior bank debt (as opposed to bond financing) in the PFI project companies has been mitigated by pay fixed/receive floating interest rate swaps which match the duration and terms of the debt (see note 19). Exposure to volatility in the retail prices index is hedged via RPI swaps for the duration of the senior debt or by contractual arrangements governing the calculation of unitary payments from the public sector clients. These hedging arrangements ensure that interest rate costs are effectively fixed so there is no exposure to floating Libor rates and that net operating cash flow is protected from volatility in RPI such that the servicing of senior debt can be maintained. RPI swaps typically hedge around 90% of total net operating cash flows.

Whilst the main elements of cash flow (unitary payments, facilities management costs and lifecycle costs) are contractually linked to an inflation index (generally the RPI index), a relatively small proportion of total costs are not protected from inflation changes (either via the payment mechanism or an RPI swap instrument). A rise in these costs above the general rate of inflation would reduce debt service cover ratios. The most significant of these costs is insurance, though claims history so far is good and current premium renewals have not been excessive.

A small proportion of cash flow is derived from bank interest on cash balances. The reduction in credit interest rates is therefore a risk to the business and its compliance with debt covenants.

Key performance indicators

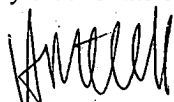
Key performance indicators for the company include investment returns compared to those budgeted at the time of acquisition and the internal rate of return of the projects.

Key performance indicators for the subsidiaries and joint ventures include debt service cover ratios and the level of payment deductions levied for non-availability of the PFI facilities or for failure to perform the contracted services to the required specification. The directors monitor the performance of these companies by direct representation on the Boards of those companies. In all cases during 2018, the project companies demonstrated compliance with their lending covenants and gained consent from senior lenders to make shareholder payments, with the one exception of the National Maritime College of Ireland project where the directors chose not to pursue a shareholder payment requests given the anticipated costs and ongoing discussions with the College and sub-contractors over potential unavailability deductions.

Future development

The Group continues to focus on maintaining the investors' returns in the underlying projects and improving these where possible by active management.

By order of the board



AL Mitchell LLB ACIS

Secretary

25 September 2019

Directors' report

Principal activities

The company acts as a holding company for the PFI businesses in which it has invested. The subsidiary and joint venture companies are engaged in contracts under the UK government's Private Finance Initiative (PFI) which involve the design, construction/refurbishment, financing and operation of various hospitals, schools and government accommodation. One of these projects is in the Republic of Ireland and the remainder are in the UK.

Results and dividends

The results of the Group for the year are set out in the Consolidated Statement of Comprehensive Income account on page 8. The Group made a pre-tax profit of £18,181,000 (2017: £12,604,000). Dividends paid during the year comprise an interim dividend in respect of the year ended 31 December 2018 of £2,000,000 (2017: £31,400,000).

Going Concern

The Group has net liabilities of £31,687,000 (2017: £59,270,000), this is as a result of accounting for the fair value of the interest rate and RPI swap agreements, the majority of which do not crystallise as liabilities for a number of years and as such the Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that it should be able to operate with the level of its current facilities.

The Group has financial resources together with long-term contracts with their clients. Therefore, the directors believe that the company is well placed to manage its business risk successfully. The financial risk management associated with these contracts is covered within the strategic report.

After making enquires, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for 12 months from the date of signing these financial statements.

Directors

The directors who held office during the year and up to the date of signing the financial statements were as follows:

BP Millsom
LW McKenna
JH Potgieter (resigned 12th July 2018)
C Solley
AL Tennant
K W Gillespie (resigned 16th July 2018)

Political contributions

Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each 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 ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Other information

An indication of the performance of the business and of likely future developments have been included in the Strategic Report on page 1.

By order of the board



A L Mitchell LLB ACIS
Secretary

25 September 2019

3rd Floor,
3-5 Charlotte Street,
Manchester,
M1 4HB.

Statement of Directors' Responsibilities in respect of the Annual Report and the Financial Statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). 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 group and company and of the profit or loss of the group and company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements 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 group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report to the members of Consolidated Investment Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion, Consolidated Investment Holdings Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2018 and of the group's profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Consolidated Financial Statements (the "Annual Report"), which comprise: the consolidated and company balance sheets as at 31 December 2018; the consolidated statement of comprehensive income, the consolidated statement of other comprehensive income, the consolidated cash flow statement, and the consolidated and company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

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

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the group's trade, customers, suppliers and the wider economy.

Reporting on other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the

Report on the audit of the financial statements (continued)

audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

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

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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

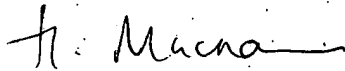
Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Hazel Macnamara (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester

25 September 2019

Consolidated Statement of Comprehensive Income for year ended 31 December 2018

The profit for the financial year ended 31 December 2018 arose wholly from continuing operations.

	Note	2018 £000	2017 £000
Turnover	2	104,470	98,964
Cost of Sales		(77,043)	(72,601)
Gross Profit		27,427	26,363
Administrative Expenses		(8,427)	(10,820)
Operating Profit	3	19,000	15,543
Group's Share of Profit in Joint Ventures	9	5,493	2,702
Other interest receivable and similar income	5	34,877	36,969
Interest payable and similar expenses	6	(41,188)	(42,610)
Profit on ordinary activities before taxation		18,181	12,604
Tax on profit	7	(2,680)	(2,255)
Profit for the financial year		15,502	10,349
Profit attributable to			
Shareholders of the parent company		13,055	7,990
Minority interests		2,446	2,359
		15,502	10,349

The notes on pages 16 to 42 form an integral part of these financial statements.

Consolidated Statement of Other Comprehensive Income

for year ended 31
December 2018

	Note	2018 £000	2017 £000
Profit for the financial year		15,502	10,349
Other comprehensive (expense)/income		<hr/>	<hr/>
Foreign exchange differences on translation of foreign operations	18	(23)	(192)
Effective portion of changes in fair value of cash flow hedges		52	(2,388)
Net change in fair value of cash flow hedges recycled to profit or loss		17,559	18,953
Income tax on other comprehensive income		<u>(2,808)</u>	<u>(9,983)</u>
Other comprehensive income for the financial year, net of income tax		14,780	6,390
		<hr/>	<hr/>
Total comprehensive income for the financial year		30,282	16,739
		<hr/>	<hr/>
Total comprehensive income attributable to Shareholders of the parent company		26,224	12,740
Minority interests		<u>4,057</u>	<u>3,999</u>
		30,282	16,739

The notes on pages 16 to 42 form an integral part of these financial statements.

The company has no other comprehensive income in either the current or the prior year and accordingly no separate statement of other comprehensive income is presented.

Consolidated Balance Sheet

At 31 December 2018

	Note	2018 £000	2017 £000
Fixed assets			
<i>Intangible assets</i>			
Goodwill	8	22,767	24,363
Negative goodwill	8	(295)	(322)
Investments in Joint Ventures	9	35,100	31,449
		<u>57,572</u>	<u>55,490</u>
Current assets			
Debtors (including £618,889,000 (2017: £648,712,000) due after more than one year)	10	741,884	762,070
Cash at bank and in hand	11	92,201	95,294
		<u>834,084</u>	<u>857,364</u>
Creditors: amounts falling due within one year	12	<u>(85,434)</u>	<u>(84,219)</u>
Net current assets		<u>748,650</u>	<u>773,145</u>
Total assets less current liabilities		<u>806,222</u>	<u>828,635</u>
Creditors: amounts falling due after more than one year	13	(777,034)	(824,372)
Provisions for liabilities			
Deferred tax liability	16	(17,131)	(17,895)
Other provisions	17	(43,744)	(45,638)
		<u>(837,909)</u>	<u>(887,905)</u>
Net liabilities		<u>(31,687)</u>	<u>(59,270)</u>
Capital and reserves			
Called up share capital	18	52,650	52,650
Profit and loss account		27,723	16,662
Cash flow hedging reserve		<u>(107,290)</u>	<u>(120,454)</u>
Deficit attributable to the parent's shareholders		<u>(26,917)</u>	<u>(51,142)</u>
Minority Interests		<u>(4,770)</u>	<u>(8,128)</u>
Shareholders' deficit		<u>(31,687)</u>	<u>(59,270)</u>

These financial statements were approved by the board of directors on 25 September 2019 and were signed on its behalf by:


Director

Company registered number: 05590097

The notes on pages 16 to 42 form an integral part of these financial statements.

Company Balance Sheet
at 31 December 2018

	<i>Note</i>	2018		2017	
		£000	£000	£000	£000
Fixed assets					
Investments	9		108,432		108,690
Current assets					
Debtors	10	2,862		1,343	
Cash at bank and in hand	11	1,598		4,726	
		<u>4,460</u>		<u>6,069</u>	
Creditors: amounts falling due within one year	12	<u>(111)</u>		<u>(40)</u>	
Net current assets			4,349		6,029
Total assets less current liabilities			112,781		114,719
Creditors: amounts falling due after more than one year	13	<u>(55,202)</u>		<u>(59,202)</u>	
			(55,202)		(59,202)
Net assets			<u>57,579</u>		<u>55,517</u>
Capital and reserves					
Called up share capital	18	52,650		52,650	
Profit and loss account at 31 December		2,867		2,245	
Profit for the financial year		4,062		32,022	
Dividends		(2,000)		(31,400)	
Shareholders' funds			<u>57,579</u>		<u>55,517</u>

These financial statements were approved by the board of directors on 25 September 2019 and were signed on its behalf by:



Director

Company registered number: 05590097

The notes on pages 16 to 42 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

	Called up Share capital	Cash flow hedging reserve	Profit & loss account	Total shareho- lders' deficit	Minority interests	Total deficit
	£000	£000	£000	£000	£000	£000
Balance at 1 January 2017	52,650	(125,216)	40,084	(32,482)	(10,824)	(43,306)
Total comprehensive income for the year						
Profit for the financial year	-	-	7,990	7,990	2,359	10,349
Other comprehensive income (see note 18)	-	4,762	(12)	4,750	1,640	6,390
Total comprehensive income for the year	-	4,762	7,978	12,740	3,999	16,739
Transactions with owners, recorded directly in equity						
Dividends	-	-	(31,400)	(31,400)	(1,303)	(32,703)
Total contributions by and distributions to owners	-	-	(31,400)	(31,400)	(1,303)	(32,703)
Balance at 31 December 2017	52,650	(120,454)	16,662	(51,142)	(8,128)	(59,270)

	Called up Share capital	Cash flow hedging reserve	Profit and loss account	Total shareho- lders' deficit	Minority interests	Total deficit
	£000	£000	£000	£000	£000	£000
Balance at 1 January 2018	52,650	(120,454)	16,662	51,142	(8,128)	(59,270)
Total comprehensive income for the year						
Profit for the financial year	-	-	13,055	13,055	2,446	15,502
Other comprehensive income (see note 18)	-	13,164	5	13,169	1,611	14,780
Total comprehensive income for the year	-	13,164	13,060	26,224	4,057	30,282
Transactions with owners, recorded directly in equity						
Dividends	-	-	(2,000)	(2,000)	(699)	(2,699)
Total contributions by and distributions to owners	-	-	(2,000)	(2,000)	(699)	(2,699)
Balance at 31 December 2018	52,650	(107,290)	27,723	(26,917)	(4,770)	(31,687)

The notes on pages 16 to 42 form an integral part of these financial statements.

Company Statement of Changes in Equity

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
Balance at 1 January 2017	52,650	2,245	54,895
Total comprehensive income for the year			
Profit for the financial year	-	32,022	32,022
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	32,022	32,022
	<hr/>	<hr/>	<hr/>
Transactions with owners, recorded directly in equity			
Dividends	-	(31,400)	(31,400)
	<hr/>	<hr/>	<hr/>
Total contributions by and distributions to owners	-	(31,400)	(31,400)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2018	52,650	2,867	55,517
	<hr/>	<hr/>	<hr/>

	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2018	52,650	2,867	55,517
Total comprehensive income for the year			
Profit for the financial year	-	4,062	4,062
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	4,062	4,062
	<hr/>	<hr/>	<hr/>
Transactions with owners, recorded directly in equity			
Dividends	-	(2,000)	(2,000)
	<hr/>	<hr/>	<hr/>
Total contributions by and distributions to owners	-	(2,000)	(2,000)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2018	52,650	4,929	57,579
	<hr/>	<hr/>	<hr/>

The notes on pages 16 to 42 form an integral part of these financial statements.

Consolidated Cash Flow Statement for year ended 31 December 2018

	2018 £000	2017 £000
Cash flows from operating activities		
Profit for the financial year	15,502	10,349
Adjustments for:		
Depreciation, amortisation and impairment	2,095	2,094
Interest receivable and similar income	(34,877)	(36,969)
Interest payable and similar charges	41,188	42,610
Taxation	2,680	2,255
Income from interests in joint ventures	(5,493)	(2,702)
	<hr/>	<hr/>
Decrease in trade and other debtors	16,394	85
(Decrease) in trade and other creditors	(2,809)	(119)
Increase/(decrease) in provisions	1,894	1,193
	<hr/>	<hr/>
Tax paid	(3,842)	(2,916)
	<hr/>	<hr/>
Net cash flow from operating activities	28,944	15,880
	<hr/>	<hr/>
Cash flows from investing activities		
Interest received	36,775	38,931
Dividends received from joint ventures	1,335	3,869
	<hr/>	<hr/>
Net cash flow from investing activities	38,110	42,800
	<hr/>	<hr/>
Cash flows from financing activities		
Interest paid	(39,551)	(41,280)
Loans raised	-	263,262
Repayment of borrowings	(27,904)	(207,197)
Swap break costs	-	(42,698)
Dividends paid	(2,699)	(32,703)
	<hr/>	<hr/>
Net cash flow from financing activities	(70,154)	(60,616)
	<hr/>	<hr/>
Net (decrease) in cash and cash equivalents	(3,100)	(1,936)
Cash and cash equivalents at 1 January	95,294	97,263
Effect of exchange rate fluctuations on cash held	7	(33)
	<hr/>	<hr/>
Cash and cash equivalents at 31 December	92,201	95,294
	<hr/>	<hr/>

The notes on pages 16 to 42 form an integral part of these financial statements.

Included within the interest payable and similar charges row is, £2,700,00 (2017: £2,500,000) for accrued interest paid.

Notes to the Financial Statements

Accounting policies

Consolidated Investment Holdings Limited is a private company limited by shares and incorporated and domiciled in the UK. The registered office is 3rd Floor, 3-5 Charlotte Street, Manchester, M1 4HB.

These Group and parent company financial statements were prepared in accordance with the Companies Act 2006 and Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*") as issued in August 2014. The amendments to FRS102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

FRS 102 grants certain first-time adoption exemptions from the full requirements of FRS 102. The following exemptions have been taken in these financial statements:

- Business combinations – business combinations that took place prior to the transition date have not been restated.
- Service concession arrangements – assets constructed and/or refurbished under service concession arrangements which were in the operational phase at the date of transition to FRS102 have continued to be accounted for as finance debtors rather than re-stated as financial assets.

The parent company is included in the consolidated financial statements and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included a second time;
- No separate parent company Cash Flow Statement with related notes is included; and
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors in the application of these accounting policies that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 24.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis except that derivative financial instruments are stated at their fair value.

1.2 Going concern

The Group currently has £696,405,000 (2017: £745,649,000) of total debt. Whilst it has net liabilities of £31,724,000 in 2018 (2017: £59,270,000), this is as a result of accounting for the fair value of interest rate and RPI swap agreements, the majority of which do not crystallise as liabilities for a number of years and are incorporated in to management forecasts. As such the Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that it should be able to operate within the level of its current facilities.

The group has considerable financial resources together with long-term contracts with a number of NHS Trusts and Local Education Authorities (LEAs). The directors have also considered the risk of changes in funding from these Trusts and LEAs and the potential impact on the group's projects. As a consequence, the directors believe that the group is well placed to manage its business risks successfully.

After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

1.3 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 December 2018. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

A special purpose entity (SPE) is consolidated if the Group concludes that it controls the SPE.

An associate is an entity in which the Group has significant influence, but not control, over the operating and financial policies of the entity. Significant influence is presumed to exist when the investor holds between 20% and 50% of the equity voting rights.

A joint venture is a contractual arrangement undertaken in which the Group exercises joint control over the operating and financial policies of the entity. Where the joint venture is carried out through an entity, it is treated as a jointly controlled entity. The Group's share of the profits less losses of associates and of jointly controlled entities is included in the consolidated profit and loss account and its interest in their net assets is recorded on the balance sheet using the equity method.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

In the parent financial statements, investments in subsidiaries, jointly controlled entities and associates are carried at cost less impairment.

1.4 Foreign currency

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, Sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised in other comprehensive income.

The functional currency of FocusEducation (NMC) Limited is the Euro and most transactions are denominated in Euros. Sterling transactions are recorded in Euros at the rate ruling at the date of receipt or payment.

1.5 Classification of financial instruments issued by the group

In accordance with FRS 102.22, financial instruments issued by the group are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the group; and
- (b) where the instrument will or may be settled in the entity's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the entity's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

1.6 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

1.7 Other financial instruments

Financial instruments not considered to be Basic financial instruments (Other financial instruments)

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss except as follows:

- investments in equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably shall be measured at cost less impairment; and
- hedging instruments in a designated hedging relationship shall be recognised as set out below.

Derivative financial instruments and hedging

Derivative financial instruments are recognised at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in other comprehensive income. Any ineffective portion of the hedge is recognised immediately in profit or loss.

For cash flow hedges, where the forecast transactions resulted in the recognition of a non-financial asset or non-financial liability, the hedging gain or loss recognised in OCI is included in the initial cost or other carrying amount of the asset or liability. Alternatively, when the hedged item is recognised in profit or loss the hedging gain or loss is reclassified to profit or loss. When a hedging instrument expires or is sold, terminated or exercised, or the entity discontinues designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the income statement immediately.

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

1.8 Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the entity.

At the acquisition date, the group recognises goodwill at the acquisition date as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration (see below); plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

When the excess is negative, this is recognised and separately disclosed on the face of the balance sheet as negative goodwill.

Consideration which is contingent on future events is recognised based on the estimated amount if the contingent consideration is probable and can be measured reliably. Any subsequent changes to the amount are treated as an adjustment to the cost of the acquisition.

FRS 102.35 grants certain exemptions from the full requirements of FRS 102 in the transition period. The Group elected not to restate business combinations that took place prior to the transition date. In respect of acquisitions prior to the transition date, goodwill is included on the basis of its deemed cost, which represents the amount recorded under old UK GAAP. Intangible assets previously included in goodwill are not recognised separately.

1.9 Goodwill and negative goodwill

Goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

Negative goodwill

Negative goodwill arising on business combinations in respect of acquisitions is included on the balance sheet immediately below any positive goodwill and released to the profit and loss account in the periods in which the non-monetary assets arising on the same acquisition are recovered. Any excess exceeding the fair value of non-monetary assets acquired shall be recognised in profit or loss in the periods expected to benefit.

Amortisation

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are determined as the remaining concession period for each PFI project.

The company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Goodwill is tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that goodwill may be impaired.

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

1.10 Discontinued operations

Discontinued operations are components of the group that have been disposed of at the reporting date and previously represented a separate major line of business or geographical area of operation or were subsidiaries acquired exclusively with a view to resale.

They are included in the profit and loss account in a separate column for the current and comparative periods, including the gain or loss on sale or impairment loss on abandonment.

1.11 Impairment excluding deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment, an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the entity's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire group of entities into which it has been integrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Notes to the Financial Statements *(continued)*

1 Accounting policies *(continued)*

1.12 Provisions

A provision is recognised in the balance sheet when the entity has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Provisions are made in respect of lifecycle maintenance costs to the extent that the company is obligated to undertake maintenance in future periods.

1.13 Turnover

The group is an operator of PFI contracts. The underlying assets are not deemed to be assets of the group under FRS102 section 34C because the risks and rewards of ownership as set out in that Standard are deemed to lie principally with the public sector counterparty.

During the construction phase of the projects, all attributable expenditure is included in amounts recoverable on contracts and turnover. Upon becoming operational, the costs are transferred to a finance debtor. Amounts receivable under the agreement with the public sector counterparty are included under debtors and represent the total amount outstanding under the agreement less unearned interest. Finance debtor interest is allocated to accounting periods so as to give a constant rate of return on the net cash investment in the finance debtor.

In the operational phase, the balance of unitary payments received, after accounting for the finance debtor interest and amortisation components (which together sum to a constant figure in each period, as in a lease) is accounted for as turnover. This figure is adjusted in each period to ensure that income recognised more accurately reflects the value of economic benefits provided to the public sector client in each period, and is necessary due to the inflationary nature of the unitary payments. As a consequence of this adjustment to turnover, which is generally positive in the first half of the concession and negative in the second half (and must net out over the whole concession), a unitary payment control account debtor is recorded on the balance sheet.

1.14 Expenses

Interest receivable and interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Notes to the Financial Statements *(continued)*

1 Accounting policies *(continued)*

1.15 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which 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. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries and joint ventures to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Notes to the Financial Statements *(continued)*

2 Turnover

	2018 £000	2017 £000
Rendering of services	104,470	98,964
	<u>104,470</u>	<u>98,964</u>
By activity:		
Operational services	91,376	87,046
Medical equipment services	9,123	8,197
Construction services	3,971	3,721
	<u>104,470</u>	<u>98,964</u>
By geographical market:		
United Kingdom	102,124	96,712
Republic of Ireland	2,346	2,252
	<u>104,470</u>	<u>98,964</u>

3 Operating profit

Operating profit is stated after charging/(crediting):

	2018 £000	2017 £000
Goodwill amortisation	1,596	1,596
Negative goodwill amortisation	(27)	(27)
Audit of these financial statements	31	31
Amounts receivable by the company's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries of the company	155	135
Foreign exchange differences	5	12
	<u>1,760</u>	<u>1,747</u>

The Group had no employees in 2018 (2017: nil).

Notes to the Financial Statements *(continued)*

4 Recharges in respect of directors' services

	2018	2017
	£000	£000
Recharges in respect of directors' services	1,514	1,571

Payments in the table above were made for the services of the non-executive directors to their employers. There have been no qualifying third party indemnity provisions in place during the year for any of the directors (2017: none). In addition to these amounts, Mr L McKenna (in his capacity as director or chairman of certain of the group's subsidiaries) charged £97,000 (2017: £128,000). Mr K Gillespie (in his capacity as director of certain of the group's subsidiaries) charged £29,000 (2017: £81,000).

5 Other interest receivable and similar income

	2018	2017
	£000	£000
Interest receivable on financial assets at amortised cost	34,403	36,622
Bank interest receivable	452	344
Other interest receivable	22	3
Total interest receivable and similar income	34,877	36,969

6 Interest payable and similar expenses

	2018	2017
	£000	£000
Interest payable on financial liabilities at amortised cost	41,188	42,610
Total interest payable and similar charges	41,188	42,610

Notes to the Financial Statements *(continued)*

7 Tax on profit

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2018 £000	2018 £000	2017 £000	2017 £000
<i>Current tax</i>				
Current tax on income for the year		4,057		3,572
Adjustments in respect of prior periods		(378)		(26)
Total current tax		3,679		3,546
<i>Deferred tax (see note 16)</i>				
Origination and reversal of timing differences	1,809		8,692	
Change in tax rate	-		-	
Utilisation of tax losses	-		-	
Total deferred tax		1,809		8,692
Total tax		5,488		12,238

	£000	2018 £000	£000	£000	2017 £000	£000
	Current tax	Deferred tax	Total tax	Current tax	Deferred tax	Total tax
Recognised in Profit and loss account	3,679	(999)	2,680	3,546	(1,291)	2,255
Recognised in other comprehensive income	-	2,808	2,808	-	9,983	9,983
Total tax	3,679	1,809	5,488	3,546	8,692	12,238

Analysis of current tax recognised in profit and loss

	2018 £000	2017 £000
UK corporation tax	2,544	3,468
Foreign tax	136	78
Total current tax recognised in profit and loss	2,680	3,546

Notes to the Financial Statements *(continued)*

7 Tax on profit *(continued)*

Reconciliation of effective tax rate

	2018 £000	2017 £000
Profit for the financial year	15,465	10,349
Total tax expense	2,680	2,255
	<hr/>	<hr/>
Profit excluding taxation	18,144	12,604
Tax using the UK corporation tax rate of 19% (2017: 19.25%)	3,450	2,426
Effect of tax rates in foreign jurisdictions	(72)	(43)
Reduction in tax rate on deferred tax balances	335	(301)
Non-deductible expenses	388	383
Tax exempt revenues	(1,039)	(196)
Recognition of previously unrecognised tax losses	(4)	12
Adjustments in respect of prior periods	(378)	(26)
	<hr/>	<hr/>
Total tax expense included in profit or loss	2,680	2,255
	<hr/>	<hr/>

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

8 Dividends

	2018 £000	2017 £000
Ordinary Shares of £1 each	2,000	31,400
	<hr/>	<hr/>

The company paid a final dividend of £0.038 per share in the current year (2017: £0.596).

Notes to the Financial Statements (continued)

9 Intangible assets

Group

	Goodwill £000	Negative goodwill £000	Total £000
Cost			
Balance at 1 January 2018	43,271	(646)	42,625
	<u>43,271</u>	<u>(646)</u>	<u>42,625</u>
Accumulated amortisation			
Balance at 1 January 2018	18,908	(324)	18,584
Amortisation for the year	1,596	(27)	1,569
	<u>20,504</u>	<u>(351)</u>	<u>20,153</u>
Balance at 31 December 2018	20,504	(351)	20,153
Net book value			
At 1 January 2018	24,363	(322)	24,041
	<u>22,767</u>	<u>(295)</u>	<u>22,472</u>
At 31 December 2018	22,767	(295)	22,472

Amortisation

The amortisation charge is recognised in the following line items in the profit and loss account:

	2018 £000	2017 £000
Cost of sales – ordinary	1,569	1,569
	<u>1,569</u>	<u>1,569</u>

Negative goodwill arising on the acquisition of FocusEducation (Lambeth) Limited was more than the fair value of the non-monetary assets acquired. The resulting negative goodwill was recognised in the Group's balance sheet in 2006. An amount equal to the fair value of the non-monetary assets acquired is being released to the profit and loss account commensurately with the recovery of the non-monetary assets acquired, whether through depreciation or sale. Negative goodwill in excess of this amount of £322,000 will be released to the profit and loss account in the periods expected to be benefited.

Notes to the Financial Statements (continued)

10 Fixed asset investments

Fixed asset investments – Group

Group	Interests in joint ventures £000
Cost	
At 1 January 2018 and 31 December 2018	17,178
Share of post-acquisition reserves	
At 1 January 2018	20,632
Share of profit in joint ventures	5,455
Dividends	(1,335)
At 31 December 2018	24,752
Provisions	
At 1 January 2018	(6,305)
Impairment	(525)
At 31 December 2018	(6,830)
Net book value	
At 31 December 2018	35,100
At 31 December 2017	31,449

The directors believe that the book value of investments is supported by their underlying net assets and future cash flows.

Fixed asset investments – Company

Company	Shares in group undertakings £000	Participating interests £000	Loans to group undertakings £000	Total £000
Cost				
At 1 January 2018	47,586	17,122	43,982	108,690
Repayments	-	-	(258)	(258)
At 31 December 2018	47,586	17,122	43,724	108,432
Provisions				
At 1 January 2018	-	-	-	-
At 31 December 2018	-	-	-	-
Net book value				
At 31 December 2018	47,586	17,122	43,724	108,432
At 31 December 2017	47,586	17,122	43,724	108,690

Notes to the Financial Statements (continued)

Fixed asset investments – Company (continued)

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

	Country of incorporation	Principal activity	Class of shares held	Percentage of share held
Subsidiary undertakings				
Worcestershire Hospital SPC Holdings Limited *	England and Wales	Holding Company	£1 Ordinary	66.70%
Worcestershire Hospital SPC plc **	England and Wales	PFI	£1 Ordinary	66.70%
Calderdale Hospital SPC Holdings Limited *	England and Wales	Holding Company	£1 Ordinary	80%
Calderdale Hospital SPC Holdings Limited *	England and Wales	PFI	£1 Redeemable	80%
Calderdale Hospital SPC Limited **	England and Wales	PFI	£1 Ordinary	80%
Burnley Hospital Phase V SPC Holdings Limited *	England and Wales	Holding Company	£1 Ordinary	100%
Burnley Hospital Phase V SPC Limited **	England and Wales	PFI	£1 Ordinary	100%
St. James's Oncology SPC Holdings Limited **	England and Wales	Holding Company	£1 Ordinary	100%
St. James's Oncology Financing plc **	England and Wales	Finance Company	£1 Ordinary	100%
St. James's Oncology SPC Limited *	England and Wales	PFI	£1 Ordinary	100%
FocusEducation Limited *	England and Wales	Holding Company	£1 Ordinary	100%
FocusEducation (Newcastle) Holdings Limited *	England and Wales	Holding Company	£1 Ordinary	100%
FocusEducation (Newcastle) Limited **	England and Wales	PFI	£1 Ordinary	100%
FocusEducation (Lincolnshire) Holdings Limited *	England and Wales	Holding Company	£1 Ordinary	100%
FocusEducation (Lincolnshire) Limited **	England and Wales	PFI	£1 Ordinary	100%
FocusEducation (Lambeth) Limited **	England and Wales	PFI	£1 Ordinary	100%
FocusEducation (NMC) Limited *	Republic of Ireland	PFI	€1 Ordinary	100%
Catalyst Lancashire PSP Limited *	England and Wales	Holding Company	£1 Ordinary	100%
East Lancashire LEP Company Limited **	England and Wales	Development	£7 Ordinary	90%
East Lancashire LEP Company Limited **	England and Wales	Development	£5 Ordinary	90%
East Lancashire LEP Finance Company Limited **	England and Wales	Finance Company	£1 Ordinary	90%
Lancashire Schools SPC Holdings Phase 1 Limited **	England and Wales	Holding Company	19.607p Ordinary	81%
Lancashire Schools SPC Holdings Phase 1 Limited **	England and Wales	Holding Company	£1.836735 Ordinary	81%
Lancashire Schools SPC Phase 1 Limited **	England and Wales	PFI	£1 Ordinary	81%
Lancashire Schools SPC Holdings Phase 2 Limited **	England and Wales	Holding Company	19.607p Ordinary	81%
Lancashire Schools SPC Holdings Phase 2 Limited **	England and Wales	Holding Company	£1.836735 Ordinary	81%
Lancashire Schools SPC Phase 2 Limited **	England and Wales	PFI	£1 Ordinary	81%
Lancashire Schools SPC Holdings Phase 2a Limited **	England and Wales	Holding Company	19.607p Ordinary	81%
Lancashire Schools SPC Holdings Phase 2a Limited **	England and Wales	Holding Company	£1.836735 Ordinary	81%
Lancashire Schools SPC Phase 2a Limited **	England and Wales	PFI	£1 Ordinary	81%
Lancashire Schools SPC Holdings Phase 3 Limited **	England and Wales	Holding Company	19.607p Ordinary	81%
Lancashire Schools SPC Holdings Phase 3 Limited **	England and Wales	Holding Company	£1.836735 Ordinary	81%
Lancashire Schools SPC Phase 3 Limited **	England and Wales	PFI	£1 Ordinary	81%

Joint ventures

Exchequer Partnership Holdings Limited *	England and Wales	Holding Company	£1 Ordinary	50%
Exchequer Partnership plc **	England and Wales	PFI	£1 Ordinary	50%
Exchequer Partnership (No 2) Holdings Limited *	England and Wales	Holding Company	£1 Ordinary	50%
Exchequer Partnership (No 2) plc **	England and Wales	PFI	£1 Ordinary	50%

The registered office address for all of the above companies is 3rd Floor, 3-5 Charlotte Street, Manchester, M1 4HB.

* investments held directly

** investments held indirectly

Notes to the Financial Statements *(continued)*

11 Debtors

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Finance debtors	630,932	655,274	-	-
Trade debtors	5,290	6,286	-	-
Amounts owed by group undertakings	-	-	2,862	1,341
Other debtors	87,506	80,114	-	-
Deferred tax assets (see note 16)	17,150	19,810	-	-
Corporation tax	512	29	-	2
Prepayments and accrued income	494	552	-	-
VAT debtor	-	5	-	-
	<u>741,884</u>	<u>762,070</u>	<u>2,862</u>	<u>1,343</u>
Due within one year	122,995	113,358	2,862	1,343
Due after more than one year	618,889	648,712	-	-
	<u>741,884</u>	<u>762,070</u>	<u>2,862</u>	<u>1,343</u>

Amounts due after more than one year relate to finance debtors of £637,486,000 (2017: £628,902,000) and deferred tax assets of £17,150,000 (2017: £19,810,000).

12 Cash and cash equivalents

	Group 2018 £000	2017 £000	Company 2018 £000	2017 £000
Cash at bank and in hand	92,201	95,294	1,598	4,726
Cash and cash equivalents per cash flow statement	<u>92,201</u>	<u>95,294</u>	<u>1,598</u>	<u>4,726</u>

13 Creditors: amounts falling due within one year

	Group 2018 £000	2017 £000	Company 2018 £000	2017 £000
Guaranteed secured bonds (see note 14)	2,709	2,310	-	-
Bank loans and overdrafts (see note 14)	32,360	30,583	-	-
Shareholder loan stock (see note 14)	3,793	2,321	-	-
Trade creditors	5,198	6,474	-	-
Taxation and social security	2,727	2,806	-	-
Accruals and deferred income	36,900	38,193	65	40
Corporation tax	1,747	1,532	46	-
	<u>85,434</u>	<u>84,219</u>	<u>111</u>	<u>40</u>

Notes to the Financial Statements *(continued)*

14 Creditors: amounts falling after more than one year

	Group 2018 £000	2017 £000	Company 2018 £000	2017 £000
Guaranteed secured bonds (see note 14)	59,895	62,605	-	-
Bank loans and overdrafts (see note 14)	556,710	584,637	-	-
Shareholder loan stock (see note 14)	61,438	63,193	55,202	59,202
Other financial liabilities (see note 15)	98,991	113,937	-	-
	<u>777,034</u>	<u>824,372</u>	<u>55,202</u>	<u>55,202</u>

15 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the group and parent company's interest-bearing loans and borrowings, which are measured at amortised cost.

	Group 2018 £000	2017 £000	Company 2018 £000	2017 £000
Creditors falling due more than one year				
Guaranteed secured bonds	59,895	62,605	-	-
Secured bank loans	548,746	579,620	-	-
Mezzanine loans	7,964	5,017	-	-
Shareholder loan stock	61,438	63,193	55,202	55,202
	<u>678,043</u>	<u>710,435</u>	<u>55,202</u>	<u>55,202</u>
Creditors falling due within less than one year				
Guaranteed secured bonds	2,709	2,310	-	-
Secured bank loans	31,633	30,095	-	-
Mezzanine loans	727	488	-	-
Shareholder loan stock	3,793	2,321	-	-
	<u>38,862</u>	<u>35,214</u>	<u>-</u>	<u>-</u>

Included within guaranteed secured bonds are amounts repayable after five years by instalments of £43,370,000 (2017: £47,709,000).

Included within secured bank loans are amounts repayable after five years by instalments of £417,909,000 (2017: £450,606,000).

Included within mezzanine loans are amounts repayable after five years by instalments of £4,370,000 (2017: £5,428,000).

Included within shareholder loan stock are amounts repayable after five years by instalments and otherwise than by instalments of £36,759,000 (2017: £34,495,000) and £8,262,000 (2017: £8,262,000) respectively and in the company, otherwise than by instalments of £55,202,000 (2017: £59,202,000).

The guaranteed secured bonds and secured bank loans are secured by a fixed charge over the whole of the properties, assets and undertakings of the subsidiary companies, assignment of all rights to any proceeds of any insurance policies and all present and future book and other charges over assets which have not been secured by way of a fixed charge or assignment.

Notes to the Financial Statements (continued)

15 Interest-bearing loans and borrowings (continued)

Terms and debt repayment schedule

Loan	Currency	Nominal interest rate	Year of maturity	Repayment schedule	2018	2017
Group					£000	£000
Calderdale - Senior Loan	GBP	Libor + 0.9%	2030	Semi-annual	85,960	89,272
Calderdale - Mezzanine Loan	GBP	Libor + 4.438%	2030	Semi-annual	3,741	3,909
Calderdale - Loan Stock	GBP	15%	2031	Semi-annual	3,190	3,190
Worcester - Secured Bonds	GBP	5.57%	2030	Semi-annual	63,815	66,300
Worcester - Mezzanine Loan	GBP	Libor + 5%	2024	Semi-annual	3,746	4,179
Worcester - Loan Stock	GBP	15%	2031	Semi-annual	3,157	1,052
Leeds - Index-Linked Bonds	GBP	0.05%	2037	Semi-annual	37,720	38,152
Leeds - Fixed Rate Bonds	GBP	2.80%	2037	Semi-annual	47,702	49,193
Leeds - Rate Notes	GBP	2.80%	2037	Semi-annual	162,324	167,398
Leeds - Variation Bond	GBP	2.80%	2037	Semi-annual	2,862	2,951
Leeds - Loan Stock	GBP	12.53%	2035	Semi-annual	20,804	19,323
Burnley - Senior Loan	GBP	Libor + 0.9%	2031	Semi-annual	24,266	25,185
Burnley - Mezzanine Loan	GBP	Libor + 4%	2031	Semi-annual	1,309	1,360
Burnley - Loan Stock	GBP	12%	2031	Semi-annual	1,915	1,915
Lancashire phase 1 - Senior Loan	GBP	Libor + 0.75%	2032	Semi-annual	52,825	55,402
Lancashire phase 1 - Loan Stock	GBP	11.30%	2033	Semi-annual	5,842	1,116
Lancashire phase 2 - Senior loan	GBP	Libor + 0.75%	2033	Semi-annual	28,256	29,472
Lancashire phase 2 - Loan Stock	GBP	11.45%	2033	Semi-annual	2,873	550
Lancashire phase 2a - Senior loan	GBP	Libor + 0.85%	2034	Semi-annual	41,927	41,691
Lancashire phase 2a - Loan Stock	GBP	11.50%	2035	Semi-annual	4,824	929
Lancashire phase 3 - Senior Loan	GBP	4.665% + 2.6% margin	2034	Semi-annual	28,831	29,876
Lancashire phase 3 - Loan stock	GBP	11.75%	2035	Semi-annual	3,921	749
Lincolnshire - Senior loan A	GBP	5.52%	2030	Quarterly	11,679	12,368
Lincolnshire - Senior Loan B	GBP	5.36%	2030	Quarterly	2,011	2,131
Lincolnshire - Loan Stock	GBP	11%	2032	Semi-annual	2,080	2,109
Newcastle - Senior Loan	GBP	Libor + 1.05%	2027	Quarterly	18,870	21,083
Newcastle - Loan Stock	GBP	12.50%	2029	Semi-annual	1,434	1,497
Lambeth - Senior Loan	GBP	Libor + 1.85% (to December 2019, then 0.95%)	2027	Quarterly	8,312	8,312
Lambeth - Loan Stock	GBP	12%	2029	Semi-annual	1,257	1,310
NMC Cork - Senior Loan (Bank Of Scotland)	Euro	Libor + 0.85%	2026	Semi-annual	10,632	12,004
NMC Cork - Senior Loan (Eib)	Euro	Euribor + 0.2%	2026	Semi-annual	10,473	11,824
CIHL - Loan Stock	GBP	9%	2040	Annual	55,202	59,202

Notes to the Financial Statements *(continued)*

15 Interest-bearing loans and borrowings *(continued)*

Terms and debt repayment schedule (continued)

Loan	Currency	Nominal interest rate	Year of maturity	Repayment schedule	2018	2017
Company					£000	£000
Shareholder loan stock	GBP	9%	2043	By 2043	55,202	59,202
					<u>55,202</u>	<u>59,202</u>

16 Other financial liabilities

	Group 2018 £000	2017 £000	Company 2018 £000	2017 £000
Amounts falling due after more than one year				
Interest rate swap contracts	76,325	90,904	-	-
RPI swap contracts	22,666	23,033	-	-
	<u>98,991</u>	<u>113,937</u>	<u>-</u>	<u>-</u>

Notes to the Financial Statements (continued)

17 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	Assets 2018 £000	2017 £000	Liabilities 2018 £000	2017 £000	Net 2018 £000	2017 £000
Accelerated capital allowances	-	-	9,500	9,901	9,500	9,901
Unused tax losses	-	-	-	-	-	-
Other	(17,150)	(19,810)	7,631	7,994	(9,519)	(11,816)
	<u>(17,150)</u>	<u>(19,810)</u>	<u>7,631</u>	<u>7,994</u>	<u>(9,519)</u>	<u>(11,816)</u>
Tax (assets) / liabilities	<u>(17,150)</u>	<u>(19,810)</u>	<u>17,131</u>	<u>17,895</u>	<u>(19)</u>	<u>(1,915)</u>

Deferred tax assets arising from the recognition of derivative contracts will be utilised over the life of those derivative contracts.

Company

The company has no recognised deferred tax assets or liabilities.

18 Provisions

Group	Settlement provision £000	Lifecycle provision £000	Total £000
Balance at 1 January 2018	11,458	34,180	45,638
(Credit)/charge to the profit and loss for the financial year	(527)	9,783	9,256
Provisions used during the year	-	(11,150)	(11,150)
	<u>10,931</u>	<u>32,813</u>	<u>43,744</u>
Balance at 31 December 2018	<u>10,931</u>	<u>32,813</u>	<u>43,744</u>

Settlement provision

The provision for a settlement figure relates to the dispute over certain defects and the level of availability deductions which should apply as a consequence. The amount of the settlement provision is based on a discount rate of 1.50% (2017: 1.66%). A settlement agreement has been agreed and signed by all parties, the residual balance is to be utilised throughout the remaining term of the concession. The undiscounted settlement provision is £12m (2017: £13m).

Lifecycle provision

Amounts to be spent against the lifecycle provision relate to contractually agreed lifecycle expenditure in the PFI projects. The un-indexed amounts of these cash flows are fixed for the entire PFI concession period in terms of quantum and timing. The amounts are inflated in line with published inflation indices (usually the RPI index) and this is the only element of uncertainty. However, higher lifecycle expenditure will be matched by higher unitary payments from the public sector customer.

Company

The company has no provisions.

Notes to the Financial Statements *(continued)*

19 Capital and reserves

Share capital

	2018 £000	2017 £000
<i>Allotted, called up and fully paid</i>		
52,649,916 ordinary shares of £1 each (2017: 52,649,916 ordinary shares of £1 each)	52,650	52,650
	<u>52,650</u>	<u>52,650</u>
Shares classified in shareholders' funds	52,650	52,650
	<u>52,650</u>	<u>52,650</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Cash flow hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Notes to the Financial Statements (continued)

19 Capital and reserves (continued)

Group

Other comprehensive income

2018

	Cash flow hedging reserve £000	Profit and loss account £000	Total other comprehensive income £000	Minority Interests £000
Foreign exchange differences on translation of subsidiary undertakings	(28)	5	(23)	-
Effective portion of changes in fair value of cash flow hedges	163	-	163	(111)
Net change in fair value of cash flow hedges recycled to profit or loss	15,458	-	15,458	2,102
Income tax on other comprehensive income	(2,429)	-	(2,429)	(380)
	<u>13,164</u>	<u>5</u>	<u>13,169</u>	<u>1,611</u>

2017

	Cash flow hedging reserve £000	Profit and loss account £000	Total other comprehensive income £000	Minority Interests £000
Foreign exchange differences on translation of subsidiary undertakings	(180)	(12)	(192)	-
Effective portion of changes in fair value of cash flow hedges	(2,195)	-	(2,195)	(193)
Net change in fair value of cash flow hedges recycled to profit or loss	16,726	-	16,726	2,227
Income tax on other comprehensive income	(9,589)	-	(9,589)	(394)
	<u>4,762</u>	<u>(12)</u>	<u>4,750</u>	<u>1,640</u>

Company

The company has no other comprehensive income in either the current or the prior year and accordingly no separate statement of other comprehensive income is presented.

Notes to the Financial Statements *(continued)*

20 Financial instruments

20 (a) *Carrying amount of financial instruments*

The carrying amounts of the financial assets and liabilities include:

	2018 £000	2017 £000
Assets measured at amortised cost (note 10)	630,932	655,274
Assets measured at cost less impairment (note 10)	5,290	6,286
Liabilities measured at fair value through profit or loss (note 13)	98,991	113,937
Liabilities measured at amortised cost (note 12, note 13)	716,905	745,649
	<u> </u>	<u> </u>

20 (b) *Financial instruments measured at fair value*

Derivative financial instruments

The fair value of interest rate swaps is based on valuations provided by the swap counterparties. Those valuations are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

The interest rates used to discount estimated cash flows, where applicable are based on market interest rates.

The fair value of RPI swaps is based on valuations provided by the swap counterparties. Those valuations are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market forecast inflation rates.

The amount of change in fair value attributable to own credit risk cannot be measured reliably.

The derivative contracts used by the group are typical for PFI projects. Where projects are debt-funded, interest on the loan is calculated by reference to a floating rate (usually Libor but Euribor in the case of the NMC Cork project – see note 14). Interest rate swaps hedge Libor fluctuations and mitigate the risk that debt interest costs will fluctuate as Libor fluctuates. The full amount of the senior debt service payment is hedged in this way.

RPI swaps are used to hedge fluctuations in the inflation index which is relevant for the project. Low inflation would otherwise cause a shortfall in cash with which to make senior debt service payments. RPI swaps are structured in such a way to ensure that any volatility in cash flow for senior debt service that could arise due to inflation fluctuations is effectively neutralised.

Interest rate swaps and RPI swaps, where used, are conditions imposed on the PFI project company by the senior debt provider to ensure stability in cash flows.

Notes to the Financial Statements (continued)

20 Financial instruments (continued)

20 (c) Hedge accounting

The following table indicates the periods in which the cash flows associated with cash flow hedging instruments are expected to occur and affect profit and loss as required by FRS 102.29(a) for the cash flow hedge accounting models.

2018	Carrying amount £000	Expected cash flows £000	1 year or less £000	1 to <2 years £000	2 to <5 years £000	5 years and over £000
Interest rate swaps:						
Liabilities	76,325	80,673	12,396	11,078	26,221	30,978
RPI swaps:						
Liabilities	22,666	16,674	946	1,108	4,442	10,178
	98,991	97,347	13,342	12,186	30,663	41,156
 2017						
	Carrying amount £000	Expected cash flows £000	1 year or less £000	1 to <2 years £000	2 to <5 years £000	5 years and over £000
Interest rate swaps:						
Liabilities	90,904	97,494	14,177	12,659	11,382	59,276
RPI swaps:						
Liabilities	23,033	22,052	882	946	857	19,367
	113,937	119,546	15,059	13,605	12,240	78,642

The group uses hedge accounting in line with FRS102.12.

Interest rate swaps are used as a hedging instrument against a floating rate loan as the hedged item. RPI swaps are used as a hedging instrument against that portion of unitary payment receipts which are required to make periodic senior debt service payments.

Fair values of these hedging instruments are reported in note 14. The amount of the change in fair value of the hedging instruments recognised in other comprehensive income for the period and the amount that was recycled to profit or loss for the period are shown in the statement of consolidated other comprehensive income. Owing to the way in which periodic payments due under the hedging instruments are structured, there is no hedge ineffectiveness and consequently no portion of the change in fair value is reported through the consolidated statement of comprehensive income.

Notes to the Financial Statements *(continued)*

20 Financial instruments *(continued)*

20 (d) Fair values

The amounts for all financial assets and financial liabilities carried at fair value are as follows:

	Fair value 2018 £000	Fair value 2017 £000
Interest rate swap contracts	76,325	90,904
RPI swap contracts	22,666	23,033

21 Commitments

Capital commitments

At 31 December 2018 the group had authorised and contracted capital commitments of £nil (2017: £nil). The group had no annual commitments under non-cancellable operating leases at the end of the current year.

22 Contingencies

There are no contingencies to report for either the group or the company.

Notes to the Financial Statements (continued)

23 Related parties

Group

Identity of related parties with which the Group has transacted

Civis PFI/PPP Infrastructure Fund LP owns 100% of the share capital of Civis PFI/PPP Infrastructure CIHL Holdings Limited which is a 50% shareholder of Consolidated Investment Holdings Limited. Civis PFI/PPP Infrastructure Fund LP charges directors' fees to Consolidated Investment Holdings Limited.

Aberdeen Infrastructure Finance GP Limited (formerly Ueberior Infrastructure Finance GP Limited) is a sister company of Aberdeen Infrastructure (No. 3) Limited which is a 50% shareholder of Consolidated Investment Holdings Limited. Aberdeen Infrastructure Finance GP Limited charges directors' fees to Consolidated Investment Holdings Limited.

Albany SPC Services Limited is a wholly-owned subsidiary of Civis PFI/PPP Infrastructure Fund LP. Albany SPC Services Limited charges management fees to Consolidated Investment Holdings Limited and to that company's subsidiary and associated undertakings.

Transactions with key management personnel

There were no transactions with any key management personnel other than the directors (2017: £nil). Details of directors' remuneration are given in note 4.

Other related party transactions

	Sales to		Expenses incurred from	
	2018 £000	2017 £000	2018 £000	2017 £000
Civis PFI/PPP Infrastructure Fund LP	-	-	628	645
Aberdeen Infrastructure Finance GP Limited	-	-	647	627
Albany SPC Services Limited	-	-	2,104	2,472
	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	3,379	3,744
	<hr/>	<hr/>	<hr/>	<hr/>

	Receivables outstanding		Creditors outstanding	
	2018 £000	2017 £000	2018 £000	2017 £000
Civis PFI/PPP Infrastructure Fund LP	-	-	102	66
Aberdeen Infrastructure Finance GP Limited	-	-	102	60
Albany SPC Services Limited	-	-	36	12
	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	240	138
	<hr/>	<hr/>	<hr/>	<hr/>

Notes to the Financial Statements (continued)

23 Related parties (continued)

Company

Identity of related parties with which the Company has transacted

Lend Lease PFI/PPP Infrastructure Finance Limited is a sister company of Civis PFI/PPP Infrastructure CIHL Holdings Limited which owns 50% of the issued loan stock of Consolidated Investment Holdings Limited. The loan stock carries a fixed coupon rate of 9% and is redeemable by 2043.

Aberdeen Infrastructure Limited owns 50% of the issued loan stock of Consolidated Investment Holdings Limited. The loan stock carries a fixed coupon rate of 9% and is redeemable by 2043.

Civis PFI/PPP Infrastructure Fund LP owns 100% of the share capital of Civis PFI/PPP Infrastructure CIHL Holdings Limited which is a 50% shareholder of Consolidated Investment Holdings Limited. Civis PFI/PPP Infrastructure Fund LP charges directors' fees to Consolidated Investment Holdings Limited.

Aberdeen Infrastructure Finance GP Limited (formerly Uberior Infrastructure Finance GP Limited) is a sister company of Aberdeen Infrastructure (No. 3) Limited which is a 50% shareholder of Consolidated Investment Holdings Limited. Aberdeen Infrastructure Finance GP Limited charges directors' fees to Consolidated Investment Holdings Limited.

Albany SPC Services Limited is a wholly-owned subsidiary of Civis PFI/PPP Infrastructure Fund LP. Albany SPC Services Limited charges management fees to Consolidated Investment Holdings Limited.

Other related party transactions

	Sales to		Expenses incurred from	
	2018	2017	2018	2017
	£000	£000	£000	£000
Lend Lease PFI/PPP Infrastructure Finance Limited	-	-	2,484	2,664
Aberdeen Infrastructure Limited	-	-	2,484	2,664
Civis PFI/PPP Infrastructure Fund LP	-	-	102	112
Aberdeen Infrastructure Finance GP Limited	-	-	102	94
Albany SPC Services Limited	-	-	36	67
	<u>-</u>	<u>-</u>	<u>5,208</u>	<u>5,601</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>5,208</u>	<u>5,601</u>

	Receivables outstanding		Creditors outstanding	
	2018	2017	2018	2017
	£000	£000	£000	£000
Lend Lease PFI/PPP Infrastructure Finance Limited	-	-	27,601	29,601
Aberdeen Infrastructure Limited	-	-	27,601	29,601
Albany SPC Services Limited	-	-	-	-
	<u>-</u>	<u>-</u>	<u>55,202</u>	<u>59,202</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>55,202</u>	<u>59,202</u>

Notes to the Financial Statements *(continued)*

24 Ultimate parent company and parent company of larger group

The Company is jointly controlled by its shareholders under the shareholders' agreement. These are Civis PFI/PPP Infrastructure CIHL Holdings Limited (50%) and Aberdeen Infrastructure (No. 3) Limited (50%).

25 Accounting estimates and judgements

Critical accounting judgements in applying the Group's accounting policies

Critical accounting judgements in applying the Group's accounting policies are described below:

- Accounting for the service concession contracts and finance debtors requires estimation of a finance debtor interest rate.
- Fair value adjustments arising on acquisition of interests in subsidiaries were calculated by applying the discount rate implicit in the acquisition transaction to the future cash flows arising under the finance debtor assets and debt liabilities.
- Fair values for derivative contracts are based on mark-to-market valuations provided by the contract counterparty. Whilst these can be tested for reasonableness, the exact valuation methodology and forecast assumptions for future interest rates or inflation rates are specific to the counterparty.