

TIS Investments Limited
Annual Report and Financial Statements
For the Year Ended 31 December 2012

Registered Number 6436243



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TIS Investments Limited

Financial Statements

Year Ended 31 December 2012

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TIS Investments Limited

Company Information

The board of directors

Nigel Wythen Middleton (Served from 19 March 2009 to 15 February 2013)

Thomas Haga (Served from 1 October 2011 to 8 February 2013)

BIIF Corporate Services Limited (Appointed 15 February 2013)

John Ivor Cavill (Appointed 8 March 2013)

Richard David Hoile (Appointed 8 February 2013)

Company secretary

Infrastructure Managers Limited

Registered office

c/o Dundas & Wilson
Northwest Wing Bush House
Aldwych
London
WC2V 4EZ

Auditors

PricewaterhouseCoopers LLP
Chartered Accountants
and Statutory Auditors
Erskine House
68-73 Queen Street
Edinburgh
EH2 4NH

TIS Investments Limited

The Directors' Report

Year Ended 31 December 2012

The directors present their report and the financial statements of the Company for the year ended 31 December 2012

Principal Activities and Business Review

The principal activity of the Company during the year was as an investment holding company

Results and Dividends

The profit for the year, after taxation, amounted to £210,162 (2011 profit £1,740,178) The directors have not recommended a dividend

The profit for the year will be transferred to reserves

Key Performance Indicators

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

The financial statements have been prepared on a going concern basis as the company's shareholders have confirmed the loan due to the immediate parent company will not be required to be repaid within twelve months from the balance sheet date

Financial Instruments

The Company has no significant financial instruments

Directors

The directors who served the Company during the year and up to the date of this report are listed on page 1

Auditor

PricewaterhouseCoopers LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006

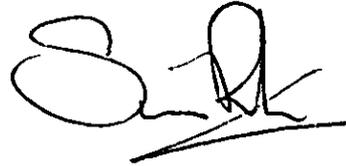
TIS Investments Limited

The Directors' Report *(continued)*

Year Ended 31 December 2012

Registered office
c/o Dundas & Wilson
Northwest Wing Bush House
Aldwych
London
WC2V 4EZ

Signed by order of the directors

A handwritten signature in black ink, appearing to be 'S. Wilson', written over a horizontal line.

Infrastructure Managers Limited
Company Secretary

Approved by the directors on 11 April 2013

TIS Investments Limited

Statement of Directors' Responsibilities

Year Ended 31 December 2012

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to

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

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

In so far as the directors are aware

- there is no relevant audit information of which the Company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Directors' Responsibilities were approved by the board on 11 April 2013 and signed on its behalf by



Michael Forrest, for and on behalf of
BIIF Corporate Services Limited
Director

TIS Investments Limited

Independent Auditors' Report to the Members of TIS Investments Limited

We have audited the financial statements of TIS Investments Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, Balance Sheet and the related notes. 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).

Respective Responsibilities of Directors and Auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the Directors are 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 International Standards on Auditing (UK and 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.

Scope of the Audit of the Financial Statements

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 annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on Financial Statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2012 and of its profit 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.

Opinion on Other Matter Prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

TIS Investments Limited

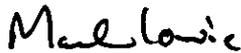
Independent Auditors' Report to the Members of TIS Investments Limited

(continued)

Matters on Which We are Required to Report by Exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- 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, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Martin Cowie (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh

16 April 2013

TIS Investments Limited

Profit and Loss Account

Year Ended 31 December 2012

	Note	2012 £	2011 £
Turnover		—	—
Operating profit		—	—
Income from shares in group undertakings	4	150,000	13,591,000
Interest receivable	5	1,037,066	727,505
Amounts written off investments	6	—	(11,148,649)
Interest payable and similar charges	7	(957,381)	(1,682,644)
Profit on ordinary activities before taxation		229,685	1,487,212
Tax on profit on ordinary activities	8	(19,523)	252,966
Profit for the financial year		210,162	1,740,178

All of the activities of the Company are classed as continuing

The Company has no recognised gains and losses other than those included in the profit above and therefore no separate statement of total recognised gains and losses has been presented

There is no difference between the profit on ordinary activities before taxation and the profit for the year stated above and their historical cost equivalents

The notes on pages 9 to 13 form part of these financial statements

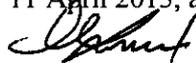
TIS Investments Limited

Balance Sheet

As at 31 December 2012

	Note	2012 £	2011 £
Fixed assets			
Investments	9	<u>—</u>	<u>—</u>
Current assets			
Debtors due within one year	10	12,705,017	12,555,016
Creditors: Amounts falling due within one year	11	<u>(14,341,192)</u>	<u>(14,401,353)</u>
Net current liabilities		<u>(1,636,175)</u>	<u>(1,846,337)</u>
Net liabilities		<u>(1,636,175)</u>	<u>(1,846,337)</u>
Capital and reserves			
Share capital	12	1	1
Profit and loss account	13	<u>(1,636,176)</u>	<u>(1,846,338)</u>
Deficiency of equity shareholders' funds	14	<u>(1,636,175)</u>	<u>(1,846,337)</u>

These financial statements on pages 7 to 13 were approved by the directors and authorised for issue on 11 April 2013, and are signed on their behalf by



Michael Forrest, for and on behalf of
BIIF Corporate Services Limited
Director

Company Registration Number 6436243

The notes on pages 9 to 13 form part of these financial statements

TIS Investments Limited

Notes to the Financial Statements

Year Ended 31 December 2012

1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year, is set out below

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable Accounting Standards in the United Kingdom. The financial statements have been prepared on a going concern basis as the company's shareholders have confirmed the balance due to the immediate parent company will not be required to be repaid within twelve months from the balance sheet date.

Cash flow statement

The Company is a subsidiary of BIIF Holdco Limited and is included in the consolidated financial statements of BIIF Holdco Limited, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS1.

Fixed Asset Investments

Investments are stated at cost less any provision required for impairment.

Deferred taxation

Deferred tax is fully provided on timing differences recognised by the balance sheet date when the Company has an obligation to pay more or less tax in the future as a result of these timing differences. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. The Company has not adopted a policy of discounting deferred tax assets and liabilities, as permitted by FRS 19 (Deferred Tax).

Current taxation

The tax expense represents the sum of current tax expense and deferred tax expense. Current tax expense is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Group financial statements

In accordance with the exemptions available under s400 of the Companies Act 2006 the Company has not prepared consolidated financial statements. The Company is exempt from preparing group financial statements on the basis that its results are consolidated within BIIF Holdco Limited. Copies of the consolidated financial statements of BIIF Holdco Limited can be obtained from the Registrar of companies, Companies House, Crown Way, Mandy, Cardiff, CF14 3UZ.

TIS Investments Limited

Notes to the Financial Statements

Year Ended 31 December 2012

1 Accounting policies *(continued)*

2 Auditors Remuneration

Auditors remuneration is borne by Traffic Information Services (TIS) Limited

3 Particulars of employees and directors

The Directors did not receive any remuneration from the Company during the year (2011 £nil)
There were no employees in the financial year other than the directors (2011 nil)

4 Income from shares in group undertakings

	2012	2011
	£	£
Income from group undertakings	<u>150,000</u>	<u>13,591,000</u>

5 Interest receivable

	2012	2011
	£	£
Interest from group undertakings	<u>1,037,066</u>	<u>727,505</u>

6 Amounts written off investments

	2012	2011
	£	£
Amount written off investments	<u>-</u>	<u>11,148,649</u>

7 Interest payable and similar charges

	2012	2011
	£	£
Debenture interest payable	-	270,641
Interest on intercompany loans	<u>957,381</u>	<u>1,412,003</u>
	<u>957,381</u>	<u>1,682,644</u>

TIS Investments Limited

Notes to the Financial Statements

Year Ended 31 December 2012

8 Taxation on ordinary activities

(a) Analysis of charge in the year

	2012 £	2011 £
Current tax		
UK Corporation tax based on the results for the year at 24.50% (2011 - 26.49%)	19,523	(253,017)
Over/under provision in prior year	-	51
Total current tax	<u>19,523</u>	<u>(252,966)</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 24.50% (2011 - 26.49%)

	2012 £	2011 £
Profit on ordinary activities before taxation	<u>229,685</u>	<u>1,487,212</u>
Profit on ordinary activities by rate of tax	56,273	393,962
Expenses not deductible for tax purposes	-	2,953,277
Tax exempt income	(36,750)	(3,600,256)
Adjustments to tax charge in respect of previous periods	-	51
Total current tax (note 8(a))	<u>19,523</u>	<u>(252,966)</u>

9 Investments

	Total £
Cost	
At 1 January 2012 and 31 December 2012	<u>16,078,000</u>
Amounts written off	
At 1 January 2012 and 31 December 2012	<u>16,078,000</u>
Net book value	
At 31 December 2012 and 31 December 2011	<u>-</u>

TIS Investments Limited

Notes to the Financial Statements

Year Ended 31 December 2012

9 Investments (continued)

The Company owns 100% of the Ordinary Share Capital of Traffic Information Services (TIS) Holdings Limited, a company registered in England and Wales. Its principal activity is to develop, finance and operate a strategic traffic management system and Traffic Control Centre.

During the year the Company reduced the carrying value of its investment in Traffic Information Services (TIS) Holdings Limited to its recoverable amount.

The results of Traffic Information Services (TIS) Holdings Limited for the year ended 31 December 2012 were Capital and Reserves £nil, Profit for the year £150,000.

10 Debtors

	2012	2011
	£	£
Amounts owed by group undertakings	12,452,050	12,302,050
Corporation tax repayable	–	252,966
Group relief recoverable	252,967	–
	<u>12,705,017</u>	<u>12,555,016</u>

The amounts due from group undertakings are interest bearing at 8.4% and are repayable upon demand.

11 Creditors: Amounts falling due within one year

	2012	2011
	£	£
Amounts owed to group undertakings	8,918,588	8,918,588
Corporation tax	19,523	–
Accruals and deferred income	5,403,081	5,482,765
	<u>14,341,192</u>	<u>14,401,353</u>

The amounts due to group undertakings are interest bearing at 8.4% and are repayable upon demand.

12 Share capital

Allotted, called up and fully paid:

	2012		2011	
	No	£	No	£
1 Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

TIS Investments Limited

Notes to the Financial Statements

Year Ended 31 December 2012

13 Profit and loss account

	2012	2011
	£	£
Balance brought forward	(1,846,338)	(3,586,516)
Profit for the financial year	210,162	1,740,178
Balance carried forward	<u>(1,636,176)</u>	<u>(1,846,338)</u>

14 Reconciliation of movements in shareholders' funds

	2012	2011
	£	£
Profit for the financial year	210,162	1,740,178
Opening shareholders' deficit	<u>(1,846,337)</u>	<u>(3,586,515)</u>
Closing shareholders' deficit	<u>(1,636,175)</u>	<u>(1,846,337)</u>

15 Related party disclosures

The Directors have considered the provisions contained within FRS 8 and are satisfied that there are no further disclosures required

Disclosure of related party transactions that the Directors have with the group which is consolidated at BIIF Holdco Limited are included in the accounts of that entity

16 Ultimate parent company

The immediate parent company is TIS Group Holdings Limited, a company incorporated in Great Britain and registered in England and Wales

The ultimate parent and controlling entity is Barclays Integrated Infrastructure Fund LP. Barclays Integrated Infrastructure Fund LP is owned by a number of investors, with no one investor having individual control

BIIF Holdco Limited

**Annual Report and Group Financial Statements
For the year ended 31 December 2012**

Registered number 06704550

THESE ACCOUNTS
FORM PART OF THE
GROUP ACCOUNTS
OF COMPANY
No. 6436243



CONFIDENTIAL

BIIF Holdco Limited
Annual Report and Group Financial Statements
Company Information

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BIIF Holdco Limited
Annual Report and Group Financial Statements
Company Information

Directors: Andrew Matthews
Robert Sean McClatchey (Resigned 21 February 2013)
Nigel Wythen Middleton

Company secretary: Infrastructure Managers Limited

Registered office c/o Dundas & Wilson
Northwest Wing
Bush House
Aldwych
London
WC2B 4EZ

Independent Auditors: PricewaterhouseCoopers LLP
PO Box 90
Erskine House
68-73 Queen Street
Edinburgh
EH2 4NH

BIIF Holdco Limited

Directors' Report

The Directors present their report and the audited financial statements of the Company and the Group for the year ended 31 December 2012

Principal activity

The principal activity of the Company was that of a holding company. The principal activity of the Group was the provision, operation and maintenance of various assets under the Private Finance Initiative (PFI) and within regulated renewable markets.

Results and review of business

The net consolidated loss after tax and minority interests in the financial year was £37,502,000 (2011 loss £296,814,000). The result for the year will be transferred to reserves.

Future Developments

The Directors intend that the business continues to hold its interests in the investments.

Results and Dividends

The results for the year are in line with management's current expectations and the financial model prepared for each of the Group's investments. The results for the year, as reported in the consolidated Profit and Loss account differ from the realised operating income achieved for the underlying investments as a result of the following accounting items which only arise on consolidation.

	Dec 2012 £000	Dec 2011 £000
Profit/(loss) before taxation	(13,698)	(292,396)
Amortisation of fair value adjustments	35,587	32,066
Impairment	14,732	-
Unrealised movement in the fair value of derivatives	<u>(13,730)</u>	<u>302,620</u>
Realised operating income	<u>22,891</u>	<u>42,290</u>

The consolidated balance sheet shows net liabilities of £369,894,000 (2011 net liabilities £339,296,000). This position is significantly impacted by the recognition on the consolidated balance sheet of the unrealised derivative financial liability arising from the Group's portfolio of interest rate swaps and inflation swaps and the revaluation of the investment property. When excluded from the consolidated balance sheet the position of the Group is as follows:

	Dec 2012 £000	Dec 2011 £000
Net liabilities	(369,894)	(339,296)
Unrealised derivative financial liabilities	486,486	500,216
Revaluation of Investment Property	<u>(2,583)</u>	-
Realised net assets	<u>114,009</u>	<u>160,920</u>

Dividends of £nil (2011 £nil) were paid by the company during the year.

Financial risk management

The Group is exposed to a variety of financial risks that include Retail Price Indices, interest rate risk and liquidity risk. The Group has in place measures to limit the adverse effects of changes in these risks. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash deposits and proceeds from investment sums. The Group also invests in cash deposits at floating rates. Financial risk management policies and objectives are set out in Note 25.

BIIF Holdco Limited

Directors' Report

Principal risks and uncertainties

The principal risk faced by the Group is the future cost of lifecycle expenditure. Each project has a lifecycle profile which is regularly reviewed and managed, to highlight and limit any potential adverse effects. The other significant risk is credit risk which is discussed more fully in Note 25 to the financial statements.

Key performance indicators

Group performance is measured on the basis of cash flows, both for shareholders and lenders. As with all companies in this sector, detailed cash flow projections are prepared to demonstrate the ability of the business to service its debt. Current projections demonstrate that the business can continue to maintain its debt service cover ratios at the base case levels agreed with the Group's lenders and will continue to pay returns to shareholders. As such the Directors are satisfied that the Group's performance is in line with forecast and therefore consider the going concern basis of preparation to be appropriate.

Post balance sheet events

In May 2013, an irrevocable offer was made by 3i Group plc ("3i") to acquire the Barclays Infrastructure Funds Management Limited ("BIFM"), the manager of the group's ultimate parent and controlling entity, Barclays Integrated Infrastructure Fund LP. This offer is conditional on certain consents from project stakeholders being obtained, regulatory approvals and employee consultations. Since the announcement, extensive progress has been made in meeting the conditions and it is expected that BIFM will transfer into 3i's ownership by the end of September 2013. No interest in Barclays Integrated Infrastructure Fund LP is being sold as part of this transaction.

Directors and their interests

The Directors in office during the year and up to the date of this report, shown on page 2, had no beneficial interest in the Company and its subsidiaries.

Disclosure of information to the auditors

So far as each of the directors is aware, there is no relevant information that has not been disclosed to the company's auditors and each of the directors believes that all steps have been taken that ought to have been taken to make them aware of any relevant audit information and to establish that the company's auditors have been made aware of that information.

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General meeting.

The Directors' report was approved by the board on 12 September 2013 and signed on its behalf by



Nigel Middleton
Director

Registered number 06704550

BIIF Holdco Limited

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for the year ended 31 December 2012. In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable 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 Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors' responsibilities were approved by the board on 12 September 2013 and signed on its behalf by



Nigel Middleton
Director

BIIF Holdco Limited

Independent Auditors' Report to the members of BIIF Holdco Limited

We have audited the Group and parent company financial statements (the "financial statements") of BIIF Holdco Limited for the year ended 31 December 2012 which comprise the Group Profit and Loss Account, the Group and Parent Company Balance Sheets, the Group Cash Flow Statement and the related notes. 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).

Respective Responsibilities of Directors and Auditors

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 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 International Standards on Auditing (UK and 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.

Scope of the Audit of the Financial Statements

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 group's and parent 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 Annual Report and Group Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on Financial Statements

In our opinion the financial statements

- give a true and fair view of the state of the Group and the Parent Company's affairs as at 31 December 2012 and of the Group's loss 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.

BIIF Holdco Limited

Independent Auditors' Report to the members of BIIF Holdco Limited

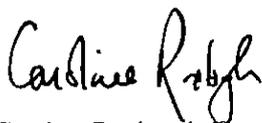
Opinion on Other Matter Prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on Which We are Required to Report by Exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if in our opinion

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



Caroline Roxburgh (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh

18 September 2013

BIIF Holdco Limited
Group Profit and Loss Account
For the year ended 31 December 2012

	Note	Year ended 31 Dec 2012		Year ended 31 Dec 2011	
		£000	£000	£000	£000
Turnover (including share of joint ventures)					
Continuing operations	2	429,796		450,364	
Acquisitions		<u>987</u>		<u>-</u>	
			430,783		450,364
Less: share of turnover of joint ventures					
Continuing operations		(106,677)		(98,373)	
Acquisitions		<u>(7,149)</u>	<u>(113,826)</u>	<u>-</u>	<u>(98,373)</u>
Group turnover			316,957		351,991
Cost of sales			<u>(224,160)</u>		<u>(259,561)</u>
Gross profit			92,797		92,430
Dividend income			16,634		8,066
Net operating expenses			<u>(62,835)</u>		<u>(50,194)</u>
Group operating profit					
Continuing operations		<u>46,596</u>	46,596	<u>50,302</u>	50,302
Share of operating profit in associates and joint ventures			<u>14,255</u>		<u>52,949</u>
Total operating profit: group and share of joint ventures and associates			60,851		103,251
Net interest payable and similar items	3				
-Group		(74,192)		(69,419)	
-Fair value gain/(loss) on derivatives		13,730		(302,620)	
-Associates and joint ventures		<u>(14,087)</u>	<u>(74,549)</u>	<u>(23,608)</u>	<u>(395,647)</u>
Loss on ordinary activities before taxation	4		(13,698)		(292,396)
Tax on loss on ordinary activities	5				
-Group		(15,404)		9,661	
-Associates and joint ventures		<u>(4,082)</u>	<u>(19,486)</u>	<u>(9,737)</u>	<u>(76)</u>
Loss on ordinary activities after taxation			(33,184)		(292,472)
Equity minority interests	18		<u>(4,318)</u>		<u>(4,342)</u>
Loss for the financial year/period	17		<u>(37,502)</u>		<u>(296,814)</u>

The Group has no recognised gains and losses other than those included in the profit above, which all relate to continuing operations, and therefore no separate statement of total recognised gains and losses has been presented

There is no difference between the loss on ordinary activities before taxation and the retained loss for the financial year stated above and their historic cost equivalents

BIIF Holdco Limited

Statement of Group Total Recognised Gains and Losses

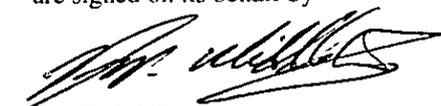
For the year ended 31 December 2012

	Dec 2012 £000	Dec 2011 £000
Loss for the financial year attributable to shareholders	(37,502)	(296,814)
Unrealised profit of revaluation of investment property	<u>2,583</u>	<u>-</u>
Total recognised losses since last annual report	<u>(34,919)</u>	<u>(296,814)</u>

RF Holdco Limited
Group and Company Balance Sheets
As at 31 December 2012

	Note	Group 31 Dec 2012 £000	Group 31 Dec 2011 £000	Company 31 Dec 2012 £000	Company 31 Dec 2011 £000
Fixed assets					
Tangible assets	7	410,693	380,895	-	-
Investment properties	7	63,853	61,270	-	-
Investments					
Investment in subsidiary undertakings		-	-	-	-
Interests in joint ventures	8	1,472,905	1,327,333	-	-
Share of gross assets		(1,165,346)	(1,050,324)	-	-
Share of gross liabilities				-	-
Associates	8	102,379	113,747	-	-
Interest in associates				-	-
		<u>409,938</u>	<u>390,756</u>	-	-
		<u>884,484</u>	<u>832,921</u>	-	-
Current assets					
Debtors Due within one year	10	87,817	104,819	-	-
Debtors Due after one year	11	1,474,258	1,530,928	-	-
Cash at bank and in hand		198,295	211,100	-	-
		<u>1,760,370</u>	<u>1,846,847</u>	-	-
Creditors: amounts falling due within one year	12	<u>(259,374)</u>	<u>(319,972)</u>	-	-
Net current assets		<u>1,500,996</u>	<u>1,526,875</u>	-	-
Total assets less current liabilities		<u>2,385,480</u>	<u>2,359,796</u>	-	-
Creditors – amounts falling due after more than one year	13	<u>(2,205,695)</u>	<u>(2,134,080)</u>	-	-
Derivative financial instruments	9	(486,486)	(500,216)	-	-
Provision for liabilities and charges – Deferred taxation	14	(63,193)	(64,796)	-	-
Net liabilities		<u>(369,894)</u>	<u>(339,296)</u>	-	-
Capital and reserves					
Called up share capital	15	-	-	-	-
Revaluation reserve	16	2,583	-	-	-
Profit and loss account	17	(396,421)	(358,919)	-	-
Total shareholders' deficit	19	<u>(393,838)</u>	<u>(358,919)</u>	-	-
Equity minority interests	18	23,944	19,623	-	-
		<u>(369,894)</u>	<u>(339,296)</u>	-	-

These financial statements on pages 8 to 37 were approved by the Directors and authorised for issue on 12 September 2013 and are signed on its behalf by


Nigel Middleton
Director

BIIF Holdco Limited
Group Cash Flow Statement
For the year ended 31 December 2012

	Note	Dec 2012 £000	Dec 2011 £000
Net cash flow from operating activities	20	43,458	117,875
Dividends received		16,634	8,066
Returns on investment and servicing of finance			
Interest received	89,251	86,367	
Interest paid	(116,424)	(103,453)	
Issue costs of new bank facility	-	(24,364)	
Net cash outflow from returns on investments and servicing of finance		(27,173)	(41,450)
Taxation		(4,433)	8,966
Capital expenditure and financial investment			
Purchase of tangible fixed assets	(19)	(31)	
Net cash outflow from capital expenditure and financial investment		(19)	(31)
Acquisitions and disposals			
Cash acquired	75	3,968	
Acquisition of subsidiary undertakings	(47,788)	(18,760)	
Purchase of interest in associates and joint ventures	(9,001)	(7,833)	
Net cash outflow from acquisitions and disposals		(56,714)	(22,625)
		(28,247)	70,801
Financing			
Receipts of new banking facilities	26,000	923,800	
Net (decrease)/increase in bank borrowings and other loans	(20,629)	(978,033)	
Capital repayments of loan amounts issued to joint ventures and associates	5,252	2,809	
Loans advanced to joint ventures and associates	(16,923)	(13,538)	
Net movement in other loans issued	10,972	18,722	
Net movement in loan amounts due from project companies in the Group under sub participation agreement from the bank	10,770	8,986	
		15,442	(37,254)
(Decrease)/Increase in cash		<u>(12,805)</u>	<u>33,547</u>

BIIF Holdco Limited

Notes to the financial statements

For the year ended 31 December 2012

1. Accounting policies

A summary of the principal Group accounting policies, all of which have been applied consistently throughout the year, is set out below

Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial instruments and in accordance with Companies Act 2006 and applicable Accounting Standards in the United Kingdom

Going concern

The Group has received loans from external banks, which are secured against the cash flows from the Group's investments and also loans from its ultimate parent undertaking. The financial statements have been prepared on a going concern basis following an assessment of the financial viability of each of the Group's principal investments, and also the sources of cash flow projected to be available to service the portfolio debt obligations within the Group. This assessment indicates that sufficient funds will be generated to allow ongoing obligations to be met as they fall due.

The Directors have taken advantage of the exemption available under section 408 of the Companies Act 2006 and have not prepared a profit and loss account for BIIF Holdco Limited.

Method of consolidation – subsidiaries

On acquisition of a business all the business's assets and liabilities that exist at the date of acquisition are recorded at their fair values. Initially provisional fair values are allocated and these are finalised within 12 months of the date of control. All changes to those assets and liabilities and resulting gains and losses that arise after the Group has gained control of the subsidiary are charged to the post acquisition profit and loss account. The purchase consideration is measured as the fair value of the assets given up or liabilities undertaken plus costs directly attributable to the acquisition. Goodwill is the excess purchase consideration over the fair value of the identifiable assets and liabilities acquired.

Subsidiaries are enterprises that are controlled by the Group over which the Group typically has in excess of 50% of the voting rights. The Group consolidates the results of the company and its subsidiaries. Subsidiary acquisitions are accounted for using the acquisition method of accounting in accordance with FRS 6. All inter-group transactions, balances and unrealised gains on transactions between Group entities have been eliminated in full.

Fair value adjustments which are made at the date of acquisition are amortised on a straight line basis over the period of the life of the underlying asset.

Uniform accounting policies are applied across all subsidiaries within the Group.

Method of consolidation – associates and joint ventures

Investments in associates and joint ventures are consolidated using the equity and gross equity methods respectively. In arriving at the amounts to be included by the equity method, the same accounting policies as those of BIIF Holdco Limited are applied. Where practicable, associates and joint ventures are included on the basis of financial statements prepared for a period not more than three months before the Group's year end. Where the associate's or joint venture's accounting reference date is greater than three months prior to 31 December, the associates are consolidated based on the latest statutory accounts adjusted for management accounts to 31 December.

Associates are enterprises, other than joint ventures, that are not controlled by the Group over which the Group generally has between 20% and 50% of the voting rights, or over which the Group has significant influence.

All balances and effects of transactions between each associate and joint venture and the Group have been eliminated to the extent of the Group's interest in the associate and joint venture.

BIIF Holdco Limited

Notes to the financial statements

For the year ended 31 December 2012

Accounting policies (continued)

Taxation

The tax expense represents the sum of current tax expense and deferred tax expense

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

Deferred tax

Deferred tax is fully provided on timing differences recognised by the balance sheet date when the Company has an obligation to pay more or less tax in the future as a result of these timing differences. The Company has not adopted a policy of discounting deferred tax assets and liabilities, as permitted by FRS 19 (Deferred Tax). The deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Turnover

Turnover, which excludes value added tax, represents the invoiced value of the unitary charges earned wholly in the United Kingdom, in relation to the provision of the buildings, other assets and services under the Government's Public Finance Initiative.

Accounting for PFI assets

The unitary charge is the turnover of the Group which is received from the provision of a PFI asset to the customer and is received over the life of the concession period. Where the unitary charge is separable, the provisions of SSAP 21 (lease accounting) have been applied. In this case the property element is treated as a finance debtor representing the discounted expected future unitary charge receipts from the relevant project for the property. Where the unitary charge is non-separable and substantially all the risks and rewards of ownership remain with the Group, the asset is accounted for as a fixed asset. In the majority of cases the directors consider that the risks and rewards do not remain with the Group, and thus the costs of construction or acquisition of the asset are included within finance debtor.

Costs incurred in the construction of subsidiaries' assets have been accounted for under Financial Reporting Standard (FRS) 5 Application Note F.

a. Finance debtor

When applying the guidance within the Application Note indicates that the project's principal agreements transfer substantially all the risks and rewards of ownership to the customer, the costs incurred by the Group on the design and construction of the asset have been treated as a finance debtor within these financial statements.

Management service income is allocated between turnover and reimbursement of finance debtor so as to generate a constant rate of return in respect of the finance debtor over the life of the contract. Turnover represents the income allocated to the services provided as part of the overall project.

b. Tangible fixed assets

Assets completed and under construction are shown at cost. In determining the relevant accounting treatment of the transactions, consideration is given to the provisions included in FRS 5 and HM Treasury guidance.

Interest and other directly attributable finance costs in respect of loans for the purpose of constructing assets are capitalised as part of the cost of constructing the buildings up to the date of practical completion. Subsequent interest is charged to the profit and loss account.

BIIF Holdco Limited

Notes to the financial statements

For the year ended 31 December 2012

Accounting policies (continued)

c. Investment properties

Investment properties are accounted for in accordance with Statement of Standard Accounting Practice No 19. Investment properties are re-valued annually and the aggregate surplus or deficit is transferred to or from a revaluation reserve except where a deficit is deemed to represent a permanent impairment in the value of the property, in which event it is charged to the profit and loss account and no depreciation is provided in respect of long leasehold investment properties.

Although the Companies Act 2006 would normally require the systematic annual depreciation of fixed assets, the directors believe that this policy of not providing depreciation is necessary in order for the financial statements to give a true and fair view, since the current value of investment properties, and changes in that current value, are of prime importance rather than a calculation of systematic annual depreciation. If this departure from the Act had not been made, the profit for the financial year would have been decreased by depreciation. Depreciation is only one of the many factors reflected in the annual valuation, and the amount which might otherwise have been shown cannot be separately identified or quantified.

Depreciation

On completion (date on which an availability certificate is issued), depreciation is charged on Buildings on a straight line basis to the profit and loss account over the useful economic life of each asset. The annual rates applied to each class of asset are:

Buildings	concession period 25 to 35 years – 2.9% to 4.0% straight line
Equipment	concession period 25 to 29 years straight line and 12.5% – 33% reducing balance

Impairment

All assets, including financial assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Where an indicator of impairment or objective evidence exists, an estimate of the asset's recoverable amount is made. An impairment loss is recognised in the Profit and Loss account for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. This is at the individual project company level within the Group.

Government grants

Grants which relate to specific capital expenditure are treated as deferred income, which is then credited to the profit and loss account on a straight line basis over the asset's useful economic life. Other grants are credited to the profit and loss account when earned.

Deferred income

Deferred income also includes capital contributions towards the construction of fixed assets from the public sector counterparty on certain projects completed by the Group. The capital contribution has been treated similarly to the receipt of a grant and is therefore included in deferred income and will be amortised on a straight line basis over the life of the related asset.

BIIF Holdco Limited

Notes to the financial statements

For the year ended 31 December 2012

Accounting policies (continued)

Capital instruments

Shares are included in shareholder funds. Debt instruments, which contain an obligation to repay, are classified as liabilities. The finance costs recognised in the profit and loss account in respect of capital instruments, other than shares, are allocated to periods over the operating life of the instrument to which they relate at a constant carrying amount in accordance with FRS 4.

Financial instruments

The Group holds certain derivative financial instruments which are designed to hedge against movements in market indices, principally interest rates and associated RPI swaps. While the Group does not undertake speculative hedging the Group has not elected to apply hedge accounting to these transactions.

Derivatives are initially accounted for and measured at fair value on the date a derivative contract is entered into and subsequently measured at fair value at each balance sheet date. The gain or loss on the movement in the fair value is taken to the Profit and Loss account.

The fair value of swaps is based on the market price of comparable instruments at the balance sheet date if they are publically traded. The fair value of assets with a maturity of less than 12 months approximates the book value.

Capital risk management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

2 Turnover

The turnover and profit before tax are attributable to the one principal activity of the Company and all arises from continuing operations. An analysis of turnover is given below.

	Dec 2012 £000	Dec 2011 £000
United Kingdom	<u>430,783</u>	<u>450,364</u>

BIIF Holdco Limited

Notes to the financial statements

For the year ended 31 December 2012

3 Interest and similar items

	Dec 2012 £000	Dec 2011 £000
Interest payable		
Interest payable on bank loans and overdrafts	(97,105)	(69,425)
Interest payable on Eurobond	(37,940)	(33,208)
Interest on long term bond	(7,363)	(15,202)
Amortisation of loan issue costs	(5,899)	(13,984)
Share of joint venture interest payable	(65,828)	(57,726)
Share of associate interest payable	<u>(27,076)</u>	<u>(29,322)</u>
 Total interest payable and similar items	 <u>(241,211)</u>	 <u>(218,867)</u>
Interest receivable		
Bank interest receivable	2,817	2,000
Other interest	2,981	6,494
Share of joint venture interest receivable	65,293	49,757
Share of associate interest receivable	13,524	13,683
Finance debtor interest receivable	<u>68,317</u>	<u>66,894</u>
 Total interest receivable	 <u>152,932</u>	 <u>138,828</u>
 Fair value gain/(loss) on derivatives	 13,730	 (302,620)
 Net interest payable and similar items	 <u>(74,549)</u>	 <u>(395,647)</u>
 Represented by interest payable and similar items		
Continuing operations	(60,462)	(372,039)
Share of joint ventures	(535)	(7,969)
Share of associates	<u>(13,552)</u>	<u>(15,639)</u>
	<u>(74,549)</u>	<u>(395,647)</u>

BIIF Holdco Limited

Notes to the financial statements

For the year ended 31 December 2012

4 Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging	Dec 2012 £000	Dec 2011 £000
Depreciation of tangible fixed assets	20,252	12,247
Amortisation of fair value adjustments	35,587	32,066
Wages and salaries	2,578	2,949
Social security costs	357	339
Fee payable to the company auditor for the audit of the parent company, subsidiary companies and consolidated accounts (parent company £4,000)	769	735

Fees paid to PricewaterhouseCoopers LLP for non – audit services to the Company and its subsidiaries in the UK were £66,000 (2011 £670,000) The fees in 2011 were in respect of corporate tax and restructuring advice received by the Group

There were 50 employees in the financial period other than the Directors (2011 50)

None of the directors of the Company received any remuneration from the Group during the year (2011 £m) Attention is drawn to the payments made to certain Directors of subsidiary undertakings disclosed in note 23

5 Taxation

	Dec 2012 £000	Dec 2011 £000
Current tax		
UK corporation tax on profit for the year	9,182	(5,714)
Adjustments in respect of prior periods for subsidiary companies	<u>10,454</u>	<u>(878)</u>
Tax on (loss)/profit on ordinary activities	<u>19,636</u>	<u>(6,592)</u>
Deferred tax		
Origination and reversal of timing differences	<u>(4,232)</u>	<u>(3,069)</u>
Total deferred tax credit	<u>(4,232)</u>	<u>(3,069)</u>
Share of associates and joint ventures tax	<u>4,082</u>	<u>9,737</u>
Tax on (loss)/profit on ordinary activities	<u>19,486</u>	<u>76</u>

BIIF Holdco Limited
Notes to the financial statements
For the year ended 31 December 2012

5 Taxation (continued)

The tax assessed for the year is lower than the standard rate applying in the UK (24.49%) (2011 26.49%) The differences are explained below

	Dec 2012 £000	Dec 2011 £000
(Loss)/profit on ordinary activities before tax	(13,866)	(321,737)
Share of profit in associates and joint ventures before tax	<u>168</u>	<u>29,341</u>
Group (loss)/profit on ordinary activities before tax	<u>(13,698)</u>	<u>(292,396)</u>
 (Loss)/profit on ordinary activities at the UK tax rate 24.49% (2011 26.49%)	 (3,356)	 (77,456)
Effects of		
Expenses not deductible for tax purposes	6,812	66,926
Losses not recognised	310	-
Adjustment in respect of prior year tax charge	10,454	(877)
Accelerated capital allowances / other timing differences	(48)	(362)
Non trading transfer pricing adjustment	5,427	5,177
Effect or rate change	37	-
	<hr/>	<hr/>
Total current tax charge	<u>19,636</u>	<u>(6,592)</u>

During the year, as a result of the change in the UK main corporation tax rate from 24% to 23% that was enacted on 17 July 2012 and that will be effective from 1 April 2013, the relevant deferred tax balances have been re-measured. This change has reduced the deferred tax liability at the balance sheet date, and so has increased profit in the year by £2,747,522.

Further reductions to the UK main corporation tax rate have not been substantively enacted at the balance sheet and therefore are not recognised in these financial statements. Firstly, a change proposing to reduce the rate by a further 2% to 21% from 1 April 2014 was announced in the 2012 Autumn Statement. Secondly, a further change proposing to reduce the rate to 20% from 1 April 2015 was announced in the March 2013 Budget. The effect of these further changes from 23% to 20%, if applied to the deferred tax balance at 31 December 2012, would be to reduce the deferred tax liability by £8,242,565.

6 Results of holding company

A Company profit of £nil (2011 £nil) is dealt with by the parent accounts of BIIF Holdco Limited. The Directors have taken advantage of the exemption available under section 408 of the Companies Act 2006 and have not presented a profit and loss account for the Company alone.

BIIF Holdco Limited
Notes to the financial statements
For the year ended 31 December 2012

7 **Tangible fixed assets Group**

	Buildings £000	Equipment £000	Total £000
Cost or valuation			
As at 1 January 2012	385,340	85,129	470,469
Arising on acquisition	50,031	-	50,031
Additions	-	19	19
	<hr/>	<hr/>	<hr/>
As at 31 December 2012	<u>435,371</u>	<u>85,148</u>	<u>520,519</u>
Depreciation			
As at 1 January 2012	60,259	29,315	89,574
Charge for the period	17,173	3,079	20,252
Disposals	-	-	-
	<hr/>	<hr/>	<hr/>
As at 31 December 2012	<u>77,432</u>	<u>32,394</u>	<u>109,826</u>
Net book value			
As at 31 December 2012	<u>357,939</u>	<u>52,754</u>	<u>410,693</u>
As at 31 December 2011	<u>325,081</u>	<u>55,814</u>	<u>380,895</u>

Interest charged to the profit and loss account included within the depreciation charge is £895,045 (2011 £514,000)
Interest capitalised to date, included in cost, totals £18,941,000 (2011 £18,941,000) Included within the total for
Equipment is £7,578,352 (2011 £7,578,352) in respect of assets held under finance lease

The Company has no fixed assets

Investment properties Group

	Land & Buildings £000
Cost or valuation	
As at 1 January 2012	61,270
Revaluation	2,583
	<hr/>
As at 31 December 2012	<u>63,853</u>

The Group holds residential and commercial investment properties

The residential investment properties were revalued on an open market basis in February 2013 by Derek Nesbitt a member of the Royal Institution of Chartered Surveyors on behalf of DTZ Debenham Tie Leung Limited

The commercial investment property was revalued by Rushton International on the basis of market value at 31 December 2010 The directors consider that the valuation carried out in December 2010 continues to reflect the current market value

BIIF Holdco Limited
Notes to the financial statements
For the year ended 31 December 2012

8 Investments

Group Investments	Joint ventures	Associates	Loans to joint ventures	Loans to associates	Total
	£000	£000	£000	£000	£000
Cost or valuation					
As at 1 January 2012	195,900	88,519	81,111	25,226	390,756
Additions	8,968	33	16,923	-	25,924
Disposals	(465)	-	-	-	(465)
Impairment	-	(9,951)	-	-	(9,951)
Transfer to controlled entities	-	2,890	-	-	2,890
Share of retained profits	8,701	(2,665)	-	-	6,036
Repayment of loan	-	-	(3,579)	(1,673)	(5,252)
At 31 December 2012	<u>213,104</u>	<u>78,826</u>	<u>94,455</u>	<u>23,553</u>	<u>409,938</u>

The following additional information is provided in respect of equity accounted investments

	Share of Turnover	Share of non-current assets	Share of current assets	Share of current liabilities	Share of non-current liabilities	Share of net assets
	£000	£000	£000	£000	£000	£000
31 December 2012						
Joint ventures	113,826	1,242,617	230,288	119,444	1,045,902	307,559
Associates	53,327	384,926	86,190	30,039	338,698	102,379
31 December 2011						
Joint ventures	98,373	1,106,352	220,981	69,110	981,214	277,009
Associates	55,918	356,821	142,068	21,401	363,743	113,747

Investments in Group undertakings are stated at cost subsidiaries would lead to a statement of excessive length

The Directors consider that to give full particulars of all

BIIF Holdco Limited
Notes to the financial statements
For the year ended 31 December 2012

8 Investments (continued)

The companies listed below are those which materially affect the profit / (loss) and assets / (liabilities) of the Group

Investment	% holding ordinary shares	Country of Incorporation	Sector	Profit/(loss) for the period ended 31 December 2012	Capital and reserves at 31 December 2012	Accounting period end date
Alert Communications Ltd	80%	England & Wales	Military	2,361,275	(4,921,323)	31 March
Lanterndew Limited	100%	England & Wales	N/A	4,848,334	21,889,507	31 December
Blackshaw Healthcare Services Ltd	100%	England & Wales	Healthcare	1,595,389	7,846,286	31 December
Dumfries Facilities Ltd	100%	Scotland	Healthcare	247,481	408,064	31 December
Luton Health Facilities Ltd	100%	England & Wales	Healthcare	167,358	238,933	31 December
Wansbeck Healthcare Facilities Ltd	100%	England & Wales	Healthcare	234,172	938,233	31 December
GH Newham Ltd	100%	England & Wales	Healthcare	671,965	3,834,346	31 December
GH Bodmin Ltd	100%	England & Wales	Healthcare	451,003	2,027,377	31 December
GH Bury Ltd	100%	England & Wales	Healthcare	166,269	92,868	31 December
Infrastructure Investors Castlehill Ltd	100%	England & Wales	Healthcare	88,381	940,609	31 December
Machine Ltd	100%	England & Wales	Education	(178,488)	1,035,538	31 December
Newmount Ltd	100%	England & Wales	Education	261,101	84,557	31 December
Kinnoull House Ltd	100%	Scotland	Administration	1,133,235	7,220,655	31 December
Alpha Schools (West Lothian) Ltd	100%	Scotland	Education	(454,082)	1,751,022	31 December
Adams Campus Ltd	100%	England & Wales	Education	61,756	624,498	31 December
Normanby Healthcare (Projects) Ltd	100%	England & Wales	Healthcare	217,054	1,086,110	31 December
Eastbrook Facilities Ltd	100%	England & Wales	Administration	746,355	7,097,745	31 December
Robertson Health (Chester le Street) Ltd	100%	England & Wales	Healthcare	195,194	898,478	31 December
Robertson Education (Aberdeenshire) Ltd	100%	Scotland	Education	193,730	326,236	31 December
Robertson Education (Ingleby Barwick) Ltd	100%	England & Wales	Education	247,157	619,357	31 December
Kuntra Ltd	100%	England & Wales	Healthcare	190,102	342,617	31 December
Grannag Ltd	100%	England & Wales	Education	320,726	816,917	31 December
Innovate East Lothian Ltd	100%	Scotland	Education	(217,191)	(4,723,789)	31 December
HpC King's College Hospital Ltd	75%	England & Wales	Healthcare	(1,371,001)	(12,081,000)	31 March
Covesea Limited	54%	Scotland	Military	1,321,830	15,273,274	31 August
PFI Senior Funding Limited	100%	England & Wales	N/A	(555,151)	(73,164,000)	31 December

BIIF Holdco Limited
Notes to the financial statements
For the year ended 31 December 2012

8 Investments (continued)

Investment	% holding ordinary shares	Country of Incorporation	Sector	Profit/(loss) for the period ended 31 December 2012	Capital and reserves at 31 December 2012	Accounting period end date
Traffic Information Services (TIS) Limited	100%	England & Wales	Transport	(65,292)	172,709	31 December
Defence Management (Watchfield) Limited	100%	England & Wales	Military	5,492,000	26,796,000	31 December
Premier Custodial Finance Limited	100%	England & Wales	Corrective Services	55,000	10,053,000	31 December
Lowdham Grange Prison Services Limited	100%	England & Wales	Corrective Services	564,000	6,986,000	31 December
Moreton Prison Services Limited	100%	England & Wales	Corrective Services	1,693,000	12,466,000	31 December
Pueklichurch Custodial Services Limited	100%	England & Wales	Corrective Services	832,000	6,924,000	31 December
Medomsley Training Services Limited	100%	England & Wales	Corrective Services	(1,000)	573,000	31 December
Kilmarnock Prison Services Limited	100%	England & Wales	Corrective Services	738,000	9,236,000	31 December
SDMS Limited	100%	England & Wales	Military	601,691	5,198,691	31 December
LH Project Limited	100%	Scotland	Healthcare	345,607	271,036	31 December
KE Project Limited	100%	Scotland	Education	246,837	746,248	31 December
CH Bolton Limited	100%	England & Wales	Healthcare	146,590	706,559	31 December
Tiverton Healthcare Facilities Limited	100%	England & Wales	Healthcare	243,139	545,635	31 December
Bannockburn Homes Limited	100%	Scotland	Military	1,466,788	19,169,553	31 December
Vulcans Lane Estates Limited	100%	England & Wales	Police	212,890	804,774	31 December
West Cumbria Estates Management Limited	100%	England & Wales	Police	184,667	611,618	31 December
Newschool (Penweddig) Limited	100%	England & Wales	Education	413,707	1,999,962	31 December
Lochgilphhead Healthcare Services Limited	55%	Scotland	Healthcare	404,132	160,985	31 December
Salsbury Healthcare Facilities Limited	100%	England & Wales	Healthcare	405,559	823,246	31 December
Forfar Healthcare Limited	100%	Scotland	Healthcare	422,211	208,671	31 December
Midlothian Schools (Holdings) Limited	100%	Scotland	Education	-	(127,903)	31 December
ABC Schools Limited	100%	Scotland	Education	311,669	(2,000,854)	31 December
Catchment Moray Limited	85%	Scotland	Water Treatment	282,224	9,490,822	31 December
Catchment Tay Limited	52%	Scotland	Water Treatment	3,957,686	8,153,942	31 December
Catchment Limited	85%	Scotland	Water Treatment	2,727,272	13,757,130	31 December
NVSH Holdco Limited	100%	Scotland	Healthcare	1,111,360	15,719,884	31 December
Connect A50 Ltd	75%	England & Wales	Transport	4,118,000	4,933,000	31 December
Black Hill Wind Farm Ltd	100%	England & Wales	Electricity Production	432,586	2,595,370	31 October
SJDA 11	90%	France	Corrective Services	-	32,733	28 February

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8 **Investments (continued)**

The particulars of loans due from joint ventures and associates are

Joint ventures and associates	% holding ordinary shares	Country of Incorporation	Sector	Sum advanced £	Interest rate applied	Date of maturity of loan	Interest received	Accrued income and prepayment at 31 Dec 2012	Accounting Period end date
Key Health Services Holdings (Addenbrookes) Limited	50%	England & Wales	Healthcare	3,743,099	11.25%	2037	419,594	105,290	31 December
Road Management Group Limited	42%	England & Wales	Transport	4,803,967	12.00%	2022	-	3,620,171	31 December
Road Management Services (Darrington) Holdings Limited	25%	England & Wales	Transport	3,852,627	10.00%	2036	382,206	93,017	31 December
Summit Holdings (Wishaw) Ltd	60%	Scotland	Healthcare	9,219,379	18.00%	2028	1,587,465	400,128	31 March
Catalyst Healthcare (Calderdale) Ltd	20%	England & Wales	Healthcare	564,563	15.00%	2031	96,578	8,173	31 December
Catalyst Healthcare (Worcester) Ltd	17%	England & Wales	Healthcare	377,472	8.40%	2031	79,139	-	31 December
Modern Courts (Humberstone) Ltd	50%	England & Wales	Justice	1,272,614	13.00%	2025	165,893	27,649	30 April
Modern Courts (East Anglia) Ltd	50%	England & Wales	Justice	1,197,505	13.20%	2025	213,195	-	31 December
The Education Support Company (Leeds) Ltd	50%	England & Wales	Education	1,739,245	13.00%	2028	224,032	55,026	31 March
Consort Healthcare (Durham) Holdings Limited	50%	England & Wales	Healthcare	5,238,969	LIBOR + 6%	2028	374,500	94,454	31 December
Fasttrax Limited	50%	England & Wales	Military	5,080,790	11.25%	2025	690,441	171,619	31 December
Albion Healthcare (Oxford) Holdings Limited	25%	England & Wales	Healthcare	1,173,725	12.26%	2036	143,670	72,541	31 December
Glasgow Healthcare Facilities (Holdings) Ltd	50%	Scotland	Healthcare	9,160,361	13.75%	2039	1,009,456	336,161	31 December
Connect M77 / GSO Holdings Limited	15%	England & Wales	Transport	1,712,000	12.10%	2035	342,942	-	31 March
Connect M1-A1 Holdings Limited	50%	England & Wales	Transport	6,254,419	15.00% LIBOR +	2016	606,089	-	31 March
Consort Healthcare (Edinburgh Royal Infirmary) Holdings Ltd	50%	Scotland	Education	8,847,302	6.00%	2023	608,734	214,755	31 December
Genetics Holdings Ltd	50%	England & Wales	Military	5,922,023	13.50%	2020	885,196	459,426	31 December

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8 Investments (continued)

Joint ventures and associates	% holding ordinary shares	Country of Incorporation	Sector	Sum advanced £	Interest rate applied	Date of maturity of loan	Interest received	Accrued income and prepayment at 31 Dec 2011	Accounting Period end date
City Greenwich Lewisham Rail Link plc	40%	England & Wales	Transport	-	-	-	-	-	31 December
Exchequer Partnership Plc	50%	England & Wales	Administration	503,574	15 00%	2015	-	-	31 December
Exchequer Partnership (No 2) Plc	50%	England & Wales	Administration	981,698	15 00%	2036	8,309	-	31 December
Lighting for Staffordshire Holdings Limited	40%	England & Wales	Transport	252,241	13 18%	2025	31,945	5,454	31 December
PPP Services (North Ayrshire) Holdings Limited	55%	Scotland	Education	4,185,242	14 00%	2037	585,934	122,003	31 December
Emblem Schools (Holdings) Limited	30%	Scotland	Education	1,681,314	13 75%	2032	231,791	-	31 March
FCC (East Ayrshire) Holdings Limited	45%	Scotland	Education	3,757,880	9 00%	2037	338,209	83,867	31 December
Stobhill Healthcare Facilities (Holdings) Limited	60%	Scotland	Healthcare	1,205,996	13 25%	2031/2042	160,229	53,411	31 December
ESP (Holdings) Limited	17%	Scotland	Education	610,755	13 07%	2033	77,425	17,326	31 March
Sewell Education (York) Holdings Limited	50%	England & Wales	Education	322,367	13 00%	2034	42,000	-	31 December
Stirling Gateway HC Limited	50%	Scotland	Education	3,324,003	13 50%	2039	670,009	112,285	31 March
Manchester Schools Services Holdings Limited	25%	England & Wales	Education	1,498,190	12 85%	2031	93,924	-	31 December
					11 25% to Sept 2012 (13 5% thereafter)				
CSM PPP Services (Holdings) Limited	25%	Ireland	Education	3,146,937	12 00%	2031	140,898	-	31 December
Bangor and Nendrum Schools Services Holdings Limited	20%	Northern Ireland	Education	1,596,274	12 00%	2038	75,956	-	31 December
Salford Schools Solutions Holdco Limited	25%	England & Wales	Education	1,490,798	12 80%	2032	88,558	-	31 December
					7 88% + RPI - 9 90%				
Blue Transmission Investments Limited	50%	Jersey	Energy	16,147,391	9 90%	2031	1,050,707	355,731	31 March
Sheppey Route (Holdings) Limited	50%	England & Wales	Transport	3,110,000	12 75%	2033	87,132	33,050	31 December
The Walsall Hospital Company (Holdings) Limited	50%	England & Wales	Healthcare	8,261,650	12 30%	2040	224,024	224,024	31 December
Hounslow Highways Investments Limited	50%	England & Wales	Transport	-	-	-	-	-	31 December
SIDA 12	56%	France	Justice	-	-	-	-	-	28 February

The Group accounts for an investment as an associate when it has significant influence but not control. This is typically demonstrated when the Group nominates one or more directors to the board of the investment. Where the shareholder agreements stipulate that all shareholders with board representation must consent to the approval of key matters the Group designates the investment to be a joint venture, even if the equity holding is not 50%.

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9 **Derivative financial instruments**

	Dec 2012 £000	Group Dec 2011 £000	Dec 2012 £000	Company Dec 2011 £000
Liabilities				
Interest rate swaps	433,062	434,598	-	
RPI swaps	53,424	65,618	-	
	<u>486,486</u>	<u>500,216</u>	<u>-</u>	<u>-</u>

10 **Debtors amounts falling due within one year**

	Dec 2012 £000	Group Dec 2011 £000	Dec 2012 £000	Company Dec 2011 £000
Trade debtors	16,661	18,893	-	-
Finance debtor	15,680	24,567	-	-
Amounts due from bank (note 11)	10,962	10,679	-	-
Prepayments and accrued income	36,784	27,387	-	-
Other debtors	7,730	10,283	-	-
Corporation tax recoverable	-	13,010	-	-
	<u>87,817</u>	<u>104,819</u>	<u>-</u>	<u>-</u>

The Group has no receivables which are impaired or past due Refer to note 25 for further information in relation to credit risk exposure in the Group

11 **Debtors: amounts falling due after one year**

	Dec 2012 £000	Group Dec 2011 £000	Dec 2011 £000	Company Dec 2012 £000
Amounts due from bank	249,748	260,915	-	-
Finance debtor	1,224,510	1,270,013	-	-
	<u>1,474,258</u>	<u>1,530,928</u>	<u>-</u>	<u>-</u>

Amounts due from bank represents debt due from project companies within the Group, which were the subject of a sub-participation agreement between the bank and a subsidiary company (PFI Senior Funding Limited) dated 1 June 2001 These loans are secured by a fixed and floating charge over all the assets, rights and undertakings of the individual project companies Each project has an individual repayment profile with the final payment being settled at the end of each project concession

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12 Creditors amounts falling due within one year

	Group		Company	
	Dec 2012	Dec 2011	Dec 2012	Dec 2011
	£000	£000	£000	£000
Trade creditors	9,014	12,428	-	-
Other creditors	24,352	25,807	-	-
Accruals and deferred income	70,604	144,089	-	-
Corporation taxation	4,645	-	-	-
Other taxes and social security costs	5,255	5,243	-	-
Finance leases	1,528	1,374	-	-
Bank loans (note 13(a))	132,183	119,254	-	-
Guaranteed secured bonds (note 13(c))	4,096	7,042	-	-
Other loans (note 13(e))	3,747	785	-	-
Deferred income (note 13(g))	3,950	3,950	-	-
	<u>259,374</u>	<u>319,972</u>	<u>-</u>	<u>-</u>

13 Creditors: amounts falling due after one year

	Group		Company	
	Dec 2012	Dec 2011	Dec 2012	Dec 2011
	£000	£000	£000	£000
Finance leases	5,849	7,495	-	-
Bank loans (note 13(a))	1,459,419	1,487,246	-	-
Eurobond (note 13(b))	517,625	402,497	-	-
Guaranteed secured bonds (note 13(c))	169,173	169,661	-	-
Other loans (note 13(d))	18,403	29,185	-	-
Zero Coupon Bond (note 13(e))	2,804	2,543	-	-
Other creditors (note 13(f))	345	-	-	-
Deferred income (note 13(g))	32,077	35,453	-	-
	<u>2,205,695</u>	<u>2,134,080</u>	<u>-</u>	<u>-</u>

Group

The bank loans and other loans are repayable as follows

Maturity of debt	Dec 2012	Dec 2011
	£000	£000
Due within one year	135,930	141,749
Due between one and two years	50,990	50,468
Due between two and five years	1,004,988	688,314
Due in more than five years	421,844	755,939
	<u>1,613,752</u>	<u>1,636,470</u>

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13 **Creditors' amounts falling due after one year (continued)**

(a) Bank loans

The total amount drawn down under bank loans at the year end was £1,623,874,008 (2011 £1,642,738,135). Costs of £32,271,549 (2011 £36,236,463) have been set off against the total loan drawdowns, with £5,899,000 (2011 £13,984,000) of these costs charged to the profit and loss account in the period in accordance with FRS 4.

£911,641,000 relates to two banking facilities secured by a guarantee offered to the bank by BIIF Holdco Group and all its subsidiaries. This guarantee is in turn supported by a fixed and floating charge over the assets of BIIF Holdco Limited. The loans are repayable under an arrangement whereby small repayments are made in the first few periods of the loan and both are due to be repaid by 30 September 2016. It is expected both facilities will be refinanced before their maturity.

The remaining facilities relate to borrowings held by individual project subsidiary companies and they are secured by way of fixed and floating charges over the assets of the specific project company which holds borrowings. Maturity of these facilities ranges from 2016 to 2035. Interest payable on the Group's bank loans ranges from rates of 5.11% to 7.99%.

(b) Eurobond

A subsidiary in the Group has issued a Eurobond totalling £517,624,510 (2011 £402,496,844) which was subscribed for in full by the ultimate parent entity, Barclays Integrated Infrastructure Fund LP. This Eurobond bears interest at 8% per annum and falls due for repayment on 9 January 2019.

(c) Secured bonds

A subsidiary has issued at par value £87,190,000 3.443% index-linked guaranteed secured bonds due 2004-2036. The bond is secured by way of a fixed and floating charge over the assets of the subsidiary and two immediate holding companies. Both the interest and principal balances are adjusted for the increase in the Retail Price Index at six monthly intervals, which cumulatively at 31 December 2012 amounted to 44.1% (2011 38.6%).

A subsidiary has issued £79,314,000 7.12% secured bonds due 2028. The bond is secured by way of a fixed and floating charge over the assets of the subsidiary.

The maturity profile of all bonds is as follows

	Dec 2012	Dec 2011
	£000	£000
Amounts repayable in one year or less on demand	4,163	7,042
Between one and two years	5,262	6,475
Between two and five years	18,638	22,312
Over five years	667,300	547,718
	<hr/>	<hr/>
Less unamortised finance costs associated with the bond issue	695,363 (1,665)	583,547 (1,804)
	<hr/>	<hr/>
Less included within creditors' amounts falling due within one year	693,698 (4,163)	581,743 (7,042)
	<hr/>	<hr/>
Amounts falling due after one year	<u>689,535</u>	<u>574,701</u>

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Notes to the financial statements

For the year ended 31 December 2012

13 Creditors: amounts falling due after one year (continued)

(d) Other loans (all unsecured)

A subsidiary in the group has issued loan notes totalling £706,000 which bear interest at 13.5%. Of this balance £419,000 represents unpaid interest on the loan notes and is due for payment within twelve months. The balance falls due for payment on 31 March 2032.

A subsidiary in the group has issued a £410,000 loan stock instrument. The loan bears a Coupon of 13.50% per annum and payment of capital falls due in the year 2035. The Coupon on the principal amount accrues daily and is payable on 30 September and 31 March each year. The amount is charged to the profit and loss account as interest falls payable. The sum was advanced under a subordinated loan agreement and is therefore unsecured, and would rank alongside ordinary creditors in the event of a winding up.

The same subsidiary also issued a £102,000 subordinated loan note issued at a price of 20 pence for each £1 in nominal value of loan stock held. The loan bears a Coupon of 13.50% per annum and payment of capital falls due in the year 2035. The Coupon on the principal amount accrues daily and is payable on 30 September and 31 March each year. The sums were advanced under a subordinated loan agreement and rank alongside ordinary creditors but above the loan stock detailed above in the event of a winding up.

The same subsidiary also issued a £266,000 subordinated loan note. The loan bears a Coupon of 13.50% per annum and payment of capital falls due in the year 2035. The Coupon on the principal amount accrues daily and is payable on 30 September and 31 March each year. The sums were advanced under a subordinated loan agreement and rank alongside ordinary creditors but above the loan stock detailed above in the event of a winding up.

There is a further amount included in other loans totalling £228,558. This relates to deferred payments in respect of a building contract. This creditor is similar in nature to a subordinated loan in that it is subject to the availability of cash and to the testing of banking covenants. It does rank ahead of the subordinated loan in the case of a winding up. It carries a zero coupon and is repayable in ten equal six monthly instalments.

A subsidiary in the group has issued an unsecured loan with a value of £1,035,000 due 2037, bearing interest at 13.04%.

A subsidiary in the group has issued loan stock with a value of £780,000. The loan stock bears interest at 14% per annum and is repayable in semi-annual instalments with the final payment due on 31 August 2018.

A subsidiary in the group has issued loan stock with a value of £715,000 bearing interest at 13% per annum. The principal is repayable in full in February 2036.

A subsidiary in the group has issued loan stock with a value of £2,585,000 bearing interest at 9% and are repayable in instalments to December 2019.

A subsidiary in the group has issued loan stock with a value of £6,394,000. The loan stock bears interest at 13% and has repayment dates between 15 December 2011 and 15 December 2017.

A subsidiary in the group has issued loan stock with a value of £7,022,000. The loan stock bears interest at the rate per annum determined by the lender which will be calculated according to the aggregate of margin, LIBOR, and mandatory costs. The debt is repayable in 41 consecutive six monthly instalments, the first of which was repaid in August 2002 with the final instalment due on 31 August 2023.

A subsidiary in the group has a shareholder loan of £65,000. The loan is repayable on demand and bears no interest.

A subsidiary in the group has issued loan notes totalling £1,346,000 which bear interest at 8%. Of this balance £95,616 represents unpaid interest on the loan notes. The balance is repayable on demand.

(e) Zero coupon bond

A subsidiary company has issued a zero coupon bond of redemption value £8,000,000 on 3 October 2022. This bond was issued at a discount value of £633,416 which is amortised to maturity at a constant rate on the carrying amount of the debt.

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13 Creditors amounts falling due after one year (continued)

(f) Other creditors

A subsidiary in the group has a decommissioning provision of £285,000 which provides for the future costs of decommissioning a wind farm. The provision has been discounted at an annual rate of 10% and this discount is charged to the profit and loss account until 2027, the estimated date of decommissioning.

(g) Deferred income

Group	Dec 2012 £000	Dec 2011 £000
Opening balance	39,403	21,162
Acquired	-	22,191
Amortised during the period	<u>(3,376)</u>	<u>(3,950)</u>
Closing balance	<u>36,027</u>	<u>39,403</u>

Deferred income is split as follows

- In eleven projects, on completion of construction of the facilities, the public sector client made payments to the respective project companies (Eastbrook Facilities Limited, Covesea Limited, GH Newham Limited, GH Bodmin Limited, Kintra Limited, Bannockburn Homes Limited, KE Project Limited, LH Project Limited, Machrie Limited, NewSchools (Penweddig) Limited and Connect A50 Limited) as a contribution to the capital cost of the works. These contributions were deferred and will be amortised over the life of the project. The balance as at 31 December 2012 was £26,778,970 (2011 £29,654,508).
- £3,043,896 (2011 £3,204,931) in respect of a funding grant which will be amortised over the lifetime of the PFI concession contract.
- £6,203,836 (2011 £6,543,836) received following the arrangement of an RPI SWAP which will be amortised over the lifetime of the contract.

Of the balance at the year end it is expected that £3,950,000 (2011 £3,950,000) will be realised within 12 months and £32,077,000 (2011 £35,453,000) will be realised after 12 months.

14 Deferred taxation

Group	Dec 2012 £000	Dec 2011 £000
Opening balance	64,796	67,438
Deferred tax acquired	2,613	427
Deferred tax credit	<u>(4,216)</u>	<u>(3,069)</u>
Closing balance	<u>63,193</u>	<u>64,796</u>
Analysis of deferred tax balances:		
Accelerated capital allowances	107,268	91,195
Other timing differences	(5,038)	(8,486)
Losses	<u>(39,037)</u>	<u>(17,913)</u>
Deferred tax liability	<u>63,193</u>	<u>64,796</u>

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14 Deferred taxation (continued)

The Group has an un-provided deferred tax asset of £154,388,000 (2011 £171,143,000) The deferred tax asset arises

- on consolidation as the Group has recognised the fair value of derivative financial liabilities This asset amounts to £111,892,000 (2011 £120,052,000)
- on unrelieved losses within certain Group companies This asset amounts to £42,496,000 (2011 £51,091,000)

This asset would be recoverable if the companies made sufficient taxable profits in future periods against which the losses could be offset

15 Share capital

Group and Company	Dec 2012	Dec 2011
	£	£
Authorised		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		
1 Ordinary share of £1 each	<u>1</u>	<u>1</u>

16 Investments revaluation reserve

	Group	Company
	£000	£000
Net increase in fair value of investment properties	<u>2,583</u>	-
Closing balance as at 31 December 2012	<u>2,583</u>	-

17 Profit and loss account

	Group	Company
	£000	£000
Opening balance	(358,919)	-
Loss for the year	<u>(37,502)</u>	-
Closing balance as at 31 December 2012	<u>(396,421)</u>	-

18 Minority interest

	Dec 2012	Dec 2011
	£000	£000
Opening balance as at 1 January	19,623	19,652
Acquisition of minority interests	3	1,052
Amendment in respect of prior year	-	(5,423)
Profit attributable to minority interests	<u>4,318</u>	<u>4,342</u>
Closing balance as at 31 December	<u>23,944</u>	<u>19,623</u>

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19 Reconciliation of movement in shareholders' funds

	Dec 2012 £000	Group Dec 2011 £000	Dec 2012 £000	Company Dec 2011 £000
Opening shareholders' deficit	(358,919)	(62,105)	-	-
Net increase in fair value of investment properties	2,583	-	-	-
Loss for the year/period	<u>(37,502)</u>	<u>(296,814)</u>	<u>-</u>	<u>-</u>
Closing shareholders' deficit	<u>(393,838)</u>	<u>(358,919)</u>	<u>-</u>	<u>-</u>

20 Cash flow from operating activities

Reconciliation of operating profit to net cash flow from operating activities

	Dec 2012 £000	Dec 2011 £000
Operating profit	46,596	50,302
Dividend income	(16,634)	(8,066)
Depreciation charge	20,252	12,247
Amortisation of fair value adjustments	19,651	20,348
Amortisation of deferred income	(3,376)	(3,950)
Decrease in debtors	94,858	70,782
Increase in creditors	(117,889)	(23,788)
	<u>43,458</u>	<u>117,875</u>

21 Reconciliation of net cash flow to movement to net debt

	Dec 2012 £000	Dec 2011 £000
(Decrease)/Increase in cash in the period	(12,805)	33,547
Cash (outflow)/inflow from increase in debt payable	(51,210)	7,678
Cash outflow from increase in loans receivable	(10,770)	-
	<u>(74,785)</u>	<u>41,225</u>
Change in net debt resulting from cash flows	(74,785)	41,225
Loans and cash acquired	(23,407)	(11,167)
Amortisation of loan issue costs	(5,899)	(13,984)
Non-cash movements	(7,688)	(7,501)
Net debt at 1 January	(1,744,388)	(1,752,961)
	<u>(1,856,167)</u>	<u>(1,744,388)</u>
Net debt at 31 December (note 21)	<u>(1,856,167)</u>	<u>(1,744,388)</u>

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22 Analysis of net debt

	At 1 Jan 2012 £000	Arising on Acquisition £000	Cash flow £000	Non- cash Movements £000	At 31 Dec 2012 £000
Cash in hand, at bank	211,100	75	(12,880)	-	198,295
Debt payable within one year	(128,455)	(1,150)	(11,949)	-	(141,554)
Debt payable after one year	(2,098,627)	(22,257)	(39,261)	(13,473)	(2,173,618)
	<u>(2,227,082)</u>	<u>(23,407)</u>	<u>(51,210)</u>	<u>(13,473)</u>	<u>(2,315,172)</u>
Loan payments receivable within one year	10,679	-	-	283	10,962
Loan payments receivable after one year	260,915	-	(10,770)	(397)	249,748
	<u>271,594</u>	<u>-</u>	<u>10,770</u>	<u>(114)</u>	<u>260,710</u>
Total	<u>(1,744,388)</u>	<u>(23,332)</u>	<u>(74,860)</u>	<u>(13,587)</u>	<u>(1,856,167)</u>

23 Parent undertaking and ultimate controlling party

The ultimate parent and controlling entity is Barclays Integrated Infrastructure Fund LP Barclays Integrated Infrastructure Fund LP is owned by a number of investors, with no one investor having individual control

24 Related party transactions

The Group paid £41,250 (2011 £20,625) to the Sodexo Group for the services of the Sodexo employees as directors to HpC King's College Hospital (Holdings) Limited, a subsidiary of the Group in which Sodexo hold a minority interest At 31 December 2012 £nil (2011 £nil) remained outstanding

Sodexo Group also manage the lifecycle and estate services for HpC Kings College Hospital (Holding) Limited, a subsidiary in which Sodexo hold a minority interest, and invoices raised in the year in respect of this service amounted to £1,565,425 (2011 £1,434,055) At 31 December 2012 £nil (2011 £nil) remained outstanding

A director of Innovate East Lothian Limited during the period is also a director of FES FM Limited FES FM Limited provided facilities management services to the Company The amount charged for these services was £3,287,864 (2011 £3,185,838) All contracts are carried out at arms length At 31 December 2012 £666,479 (2011 £651,684) remained outstanding

A director of Innovate East Lothian Limited during the period is also a director of FES Limited The payments due under the building contract referred to in note 13(d) are deferred under an agreement with FES Limited This deferred payment totalled £228,558 (2011 £726,630) at the period end FES Limited is also the holder of loan notes issued by Innovate East Lothian Limited totalling £517,000 (2011 £517,000) and loan notes issued by Innovate East Lothian (Holdings) Limited totalling £416,000 (2011 £416,000)

The Group has subcontracted the design, build, operation and maintenance of Alert Communications Group Holdings Limited to Babcock Communications Limited, a company which through an intermediary holding company holds a minority interest in Alert Communications Group Holdings Limited During the year Alert Communications Limited was invoiced £3,450,362 (2011 £5,565,495) by Babcock Communications Limited in connection with operation and maintenance fees At 31 December 2012 £283,105 (2011 £nil) remained outstanding

Veolia manage the operational activities of Catchment Limited, Catchment Moray Limited and Catchment Tay Limited, subsidiaries in which Veolia Group hold a minority interest The total invoices raised in the year in respect of these services amounted to £12,249,127 (2011 £12,767,539) At 31 December 2012 £1,282,538 (2011 £1,556,829) remained outstanding

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24 Related party transactions (continued)

Balfour Beatty Investments Limited, a subsidiary of Balfour Beatty plc, is employed under a Secondment Arrangement with Connect A50 Limited for the provision of managerial staff. The value of the services provided in the year was £384,000 (2011 £172,000). At 31 December 2012 £9,000 (2011 £3,000) remained outstanding.

Balfour Beatty Infrastructure Services Limited, a subsidiary of Balfour Beatty plc, is employed under a contract with Connect A50 Limited for the provision of technical supervision and maintenance of a roadway. The value of the contract in the year was £4,646,000 (2011 £3,010,000). At 31 December 2012 £nil (2011 £nil) remained outstanding.

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25 Financial risk management objectives and policies

The company's exposure to and management of interest rate risk, credit risk and liquidity risk is detailed below

Interest rate risk

The company's policy is to manage its cost of borrowings using fixed rate debt. The disclosure below sets out the carrying amount, by maturity, of the company's financial instruments that are exposed to interest rate risk

	Within 1 year £000	1 - 2 years £000	2 - 3 years £000	3 - 4 years £000	4 - 5 years £000	Over 5 years £000	Total £000
Period ended 31 December 2012							
Fixed Rate Liabilities:							
Bank loans	132,183	48,602	47,490	896,634	44,849	421,844	1,591,602
Eurobond	-	-	-	-	-	517,625	517,625
Bond loan	3,188	4,101	3,791	4,762	5,496	60,780	82,118
Other loans	3,747	2,391	2,423	2,577	1,935	9,077	22,150
Vendor loan notes							
Floating Rate Liabilities:							
Bond loan	908	1,032	1,188	1,433	1,611	87,783	93,955
Floating Rate Assets:							
Cash at bank and in hand	198,295	-	-	-	-	-	198,295
	Within 1 year £000	1 - 2 years £000	2 - 3 years £000	3 - 4 years £000	4 - 5 years £000	Over 5 years £000	Total £000
Period ended 31 December 2011							
Fixed Rate Liabilities							
Bank loans	119,254	50,162	53,543	48,693	585,769	749,079	1,606,500
Eurobond	-	-	-	-	-	402,497	402,497
Bond loan	3,667	3,120	4,101	3,791	4,762	66,083	85,524
Other loans	22,495	307	90	102	117	6,859	29,970
Vendor loan notes							
Floating Rate Liabilities							
Bond loan	3,375	3,355	3,278	3,221	3,159	77,334	93,722
Floating Rate Assets:							
Cash at bank and in hand	211,100	-	-	-	-	-	211,100

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25 Financial risk management objectives and policies (continued)

Interest rate risk profile of financial liabilities

The fixed rate liabilities comprise bank loans at 6.68%, a 8% Eurobond, a 3.443% indexed-linked guaranteed bond, other loans at rates from 8-14%. The interest on the financial instruments classified as fixed rate is fixed until the maturity of the instrument.

At 31 December 2012 the Group has sterling floating rate liabilities (excluding unamortised costs) of £93,955,000 (2011 £93,722,000) being the original value of the bonds issued of £87,190,000 (2011 £87,190,000), adjusted for the increase in the Retail Price Index (RPI) and repayments to date and bank loans totalling £6,765,000 (2011 £6,532,000).

Of this balance, £66,035,000 (2011 £70,449,000) bears interest at 3.443% per annum as adjusted biannually for the increase in the RPI. At 31 December 2012 the increase in the cumulative RPI amounted to 44.1% (2011 38.62%).

Interest rate risk profile of financial assets

At 31 December 2012 the Group has sterling cash balances of £186,004,000 (2011 £211,100,000) which bear interest at a floating rate based on the relevant bank's commercial interest rates.

The Group has a total finance receivable debtor (including due within one year) of £1,241,551,000 (2011 £1,299,431,000) with a discount rate of 8.7% and weighted average maturity of 19.4 years (2011 20.4 years).

Credit risk

Credit risk is the risk of financial loss to the Group if a customer, counterparty to a financial instrument or counterparty for facility management services fails to meet their contractual obligations.

Credit risk is overseen by management, and arises mainly from

- cash and cash equivalents
- derivative financial instruments
- credit exposures to amounts due from outstanding receivables, and
- other committed transactions with counterparties

The Group's objective is to minimise credit risk to an acceptable level whilst not overly restricting the Group's ability to generate revenue and profit. It is the Group's policy to invest assets safely and profitably. Management monitors credit risk closely and considers that its current policies in managing the exposure to credit risk are appropriate.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of its key customers or counterparties. The Group's largest credit exposures are to public sector bodies and financial institutions. The amounts owed by the public sector bodies in the United Kingdom are considered to be a low credit risk by the Group. The counterparties for facility management are with well established companies that operate several facility management contracts and the Group considers these companies unlikely to default on their respective liabilities to the group.

In determining whether a financial asset is impaired due to credit or counterparty risks, the Group takes account of

- The fair value of the asset at the balance sheet date and where applicable, the historic fair value of the asset,
- In the case of receivables, the counterparty's typical payment patterns
- In the case of other counterparty's, the current contract performance and the latest available information on the counterparty's credit worthiness

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25 **Financial risk management objectives and policies (continued)**

Liquidity risk

The principal repayments of the bond are subject to variations in the retail price index to which the bond is linked

The table below summarises the maturity profile of the company's financial liabilities at 31 December 2012 based on contractual undiscounted payments

	On demand £000	Less than 3 months £000	3 to 12 months £000	1 to 5 years £000	Over 5 years £000	Total £000
Period ended 31 December 2012						
Trade and other creditor and accruals	-	202,620	-	-	-	202,620
Bank loan (including net settled derivatives)	49,379	33,785	145,164	1,188,474	1,078,015	2,494,817
Eurobond	-	-	-	-	643,757	643,757
Bond loan	-	3,650	12,273	67,014	237,822	320,759
Other loan	-	999	4,186	14,246	13,984	33,415
Period ended 31 December 2011						
Trade and other creditor and accruals	-	182,324	-	-	-	182,324
Bank loan (including net settled derivatives)	51,770	42,217	136,401	1,223,484	1,125,411	2,579,286
Eurobond	-	-	32,288	128,887	499,096	660,271
Bond loan	-	3,531	13,022	65,566	264,672	346,791
Other loan	-	223	2,629	11,632	32,810	47,294

Borrowing facilities

The Group has no undrawn committed borrowing facilities (2011 £26,000,000)

Fair values of financial assets and liabilities

Set out below is a comparison by category of carrying amounts and fair values of all of the Company's financial instruments that are carried in the financial statements at other than fair values

	Book value 2012 £000	Fair value 2012 £000	Book value 2011 £000	Fair value 2011 £000
Financial assets				
Cash at bank and in hand	198,264	198,265	211,100	211,100
Financial liabilities				
Bank loan	1,591,600	1,444,439	1,606,500	1,453,973
Eurobond	517,625	517,625	402,497	402,497
Bond loan	176,073	189,124	179,246	192,391
Other loans	22,150	22,150	29,970	29,970

Market values have been used to determine the fair value of the listed bond loan

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26 **Acquisitions**

(a) *Acquisitions during the year-ended 31 December 2012*

During the year the company made the following acquisitions

- On 29 October the group acquired 100% of the issued share capital of Black Hill Wind Farm Limited for a total consideration of £48,078,000
- On 12 March and 29 September 2012 the Group made additional equity investments of £5,000 and £87,492 in BIF Offshore Windkraft limited a 100% subsidiary
- On 10 October the group acquired 50% of the issued share capital of Walsall Hospital Company plc for a total consideration of £8,838,000

The following table summarises the net assets acquired, net fair value adjustments applied and purchase consideration incurred

	Equity accounted investments			Controlled entities		Fair Value Adjustments £000	Total £000
	Blue Transmission Walney 2 Investments Limited £000	The Walsall Hospital Company plc £000	Other £000	Black Hill Wind Farm Limited £000	Other £000		
Fixed assets	-	-	-	21,904	-	28,127	50,031
Investments	87	8,838	76	-	-	-	9,001
Debtors	8,661	8,262	-	40	-	-	16,963
Cash	-	-	-	41	34	-	75
Creditors	(8,661)	(8,262)	-	(2,358)	-	323	(18,958)
Total	87	8,838	76	19,627	34	28,450	57,112
Minority Interests	-	-	-	-	(3)	-	(3)
	87	8,838	76	19,627	31	28,450	57,109
Consideration	87	8,838	76	48,077	34	-	57,112