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DIF Bid Co Limited

Audited financial statements

For the year ended 31 December 2021

Company number 09281082



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DIF Bid Co Limited

Audited financial statements
for the year ended 31 December 2021

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DIF Bid Co Limited

Company Information

Directors

L J Falero (*appointed 5 March 2021*)
A D Freeman (*resigned 5 March 2021*)
DIF Management B.V.

Company Secretary

DM Financial Services UK Limited

Registered office

16 Stratford Place, 2nd Floor
Marylebone
London
WC1 1BF
United Kingdom

Company number

09281082

Banker

Coöperatieve Rabobank U.A.
Postbus 18
2130 AA Hoofddorp
Netherlands

Auditors

Cohen & Co. Chartered Accountants Limited
59-60 O'Connell Street
Limerick
V94 E95T
Ireland

DIF Bid Co Limited

Directors' Report

for the year ended 31 December 2021

The Directors present their annual report together with the audited financial statements of DIF Bid Co Limited (the "Company") for the year ended 31 December 2021.

Principal activities

The principal activity of the Company is that of an investment holding company and financing entity. At 31 December 2021, the Company holds 10.66% (2019: 10.66%) of the share capital of Bazalgette Equity Limited. Bazalgette Equity Limited holds 100% of the share capital of Bazalgette Ventures Limited, which in turn holds 100% of the share capital of Bazalgette Holdings Limited. This entity holds 100% of the share capital of Bazalgette Tunnel Limited.

Bazalgette Tunnel Limited is the licensed infrastructure provider set up to finance, build, maintain and operate the Thames Tideway Tunnel. This project involves the construction of a 25km tunnel running mostly under the tidal section of the River Thames through central London. It will be a new sewer that will help tackle the problem of overflows from London's Victorian sewers and will also protect the river. The project has now reached the completion of the tunnelling phase of the project. Completion of the project is expected to be in 2025.

Results for the year

The loss on ordinary activities before taxation amounted to £444,062 (2020: loss of £152,639). The Company's net assets at 31 December 2021 amounted to £51,283,040 (2020: £51,727,102).

Funding commitments

The Company committed to provide loan capital to Bazalgette Ventures Limited in the amount of £77,945,754 in exchange for 77,945,754 unsecured loan notes with a nominal value of £1 each. The interest on the loan notes is charged at a rate of 8% per annum and the loan notes mature in December 2064. The Company has provided the full loan capital commitment of £77,945,754 to Bazalgette Ventures Limited. At 31 December 2021 there were no unfunded loan capital commitments and no new loan capital commitments.

The Company committed to provide equity capital to Bazalgette Equity Limited in the amount of £51,963,834 in exchange for 54,077,965 shares. The Company has provided equity capital in the amount of £51,963,834 to Bazalgette Equity Limited in exchange for 54,077,965 shares. At 31 December 2021, there are no unfunded equity capital commitments and no new capital commitments.

Directors' and Company Secretary's interests in shares

The details of the Directors and Company Secretary who held office during the year are listed on page 1 of these financial statements. Neither the Directors nor the Company Secretary hold or have held any interest in the share capital of the Company during the year ended 31 December 2021.

The ultimate controlling parties of the Company are considered jointly, to be DIF Infrastructure IV Coöperatief U.A. and DIF Infrastructure III C.V., both entities are registered in the Netherlands.

DIF Bid Co Limited

Directors' Report

for the year ended 31 December 2021 (continued)

Indemnification of Directors

The Directors are covered by professional indemnity insurance. No claims have been made under this indemnity in respect of the Company during the year ended 31 December 2021 or since then to the date of this report.

The Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of accounts.

Dividends

During the year ended 31 December 2021 the Company did not declare any dividends (2020: £Nil).

Political donations

The Company did not make any political donations during the year (2020: £Nil).

Going concern

Subsequent to year end, the Company has entered into a sale and purchase agreement dated 1 June 2022 in relation to its investment and loan notes receivable. As a result, the Directors anticipate that the Company will be wound up. For this reason the Directors have not adopted the going concern basis of accounting in preparing these annual financial statements.

Disclosure of information to the Auditors

As far as each Director is aware, there is no relevant information needed by the auditor in connection with preparing its report of which the auditor is unaware. Each Director has taken all steps that he is obliged to take in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Subsequent events

Subsequent to year end, the Company has entered into a sale and purchase agreement dated 1 June 2022 in relation to its investment and loan notes receivable. As a result, the Directors anticipate that the Company will be wound up.

There are no other material events subsequent to the reporting date which necessitate revision of the figures or disclosures included in the financial statements.

On behalf of the Board of Directors:

DocuSigned by:

Javier Falero

586473FF64EF467

L J Falero

Director

13 September 2022

DIF Bid Co Limited

Directors' Responsibilities Statement

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 period. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and Financial Reporting Standard 102; the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102").

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 the profit or loss of the Company for that period.


In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on a 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 and FRS 102. 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.

On behalf of the Board of Directors:

DocuSigned by:



L J Falero

Director

13 September 2022

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF DIF BID CO LIMITED

Opinion

We have audited the financial statements of DIF Bid Co Limited (the "Company"), which comprise the statement of financial position as at 31 December 2021, the statement of comprehensive income, the statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is the Companies Act 2006 and Financial Reporting Standard 102; the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"), issued by the Financial Reporting Council.

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021, and of its loss for the year then ended;
- have been properly prepared in accordance with FRS 102; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements, including the Financial Reporting Council's ("FRC") Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – financial statements prepared on a basis other than going concern

We draw attention to Note 2 (c) the financial statements which explains that the directors intend to liquidate the company and therefore do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly the financial statements have been prepared on a basis other than going concern as described in Note (c). Our opinion is not modified in respect of this matter.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Director's report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Cohen & Co

Opinions on other matters prescribed by the Companies Act 2006

Based solely on the work undertaken in the course of the audit, we report that:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report. We have nothing to report in respect of the following matters in relation to which 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; 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; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption in preparing the Director's report and from the requirement to prepare a strategic report.

Responsibilities of Directors

The Directors are responsible for the preparation of the financial statements in accordance with FRS 102 and the Companies Act 2006 and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Auditor's responsibilities for the audit of the financial statements (*continued*)

- We obtained an understanding of the Company and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management. We also selected a specific audit team based on experience with auditing entities within this industry facing similar audit and business risks.
- We determined the principal laws and regulations relevant to the Company in this regard to be those related to the Company's reporting framework i.e. IFRS and the Companies Act 2006.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance with those laws and regulations. These procedures included, but were not limited to:
 - Making enquiries of management;
 - A review of board minutes; and
 - A review of ledger accounts.
- We also identified the risks of material misstatement of the financial statements due to fraud. Aside from the non-rebuttable presumption of a risk of fraud arising from management override of controls, we did not identify any significant fraud risks.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals, reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulations. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
4. Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Cohen & Co

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Stephen Doran (Senior Statutory Auditor)

For and on behalf of Cohen & Co. Chartered Accountants Limited

59/60 O'Connell Street

Limerick

Ireland

Date: 13 September 2022

DIF Bid Co Limited

Statement of Comprehensive Income for the year ended 31 December 2021

	<i>Note</i>	2021 £	2020 £
Administrative expenses	4	(13,004)	(7,037)
Operating loss		(13,004)	(7,037)
Interest income on loan notes receivable	5	5,923,625	5,892,520
Interest expense on loan notes payable	6	(6,354,683)	(6,038,122)
Loss on ordinary activities before taxation		(444,062)	(152,639)
Tax	7	-	-
Loss on ordinary activities after taxation		(444,062)	(152,639)

All results arose from continuing operations.

The accompanying notes form an integral part of these audited financial statements.

DIF Bid Co Limited**Statement of Financial Position**
as at 31 December 2021

		31 December 2021	31 December 2020
	<i>Note</i>	£	£
Fixed assets			
Investment	8	51,963,834	51,963,834
Loan notes receivable	9	81,652,235	73,568,975
		133,616,069	125,532,809
Current assets			
Cash and cash equivalents	10	26,685	6,041
Interest receivable	11	(4,169)	4,434,293
Total current assets		22,516	4,440,334
Creditors: amounts falling due within one year			
Creditors	13	(12,900)	(14,700)
Interest payable	12	-	(1,144,051)
Amounts owed to related parties	13	-	(93,379)
Total creditors: amounts falling due within one year		(12,900)	(1,252,130)
Net current assets		9,616	3,188,204
Total assets less current liabilities		133,625,685	128,721,013
Creditors: amounts falling due after more than one year			
Loan notes payable	14	(82,342,645)	(76,993,911)
Net assets		51,283,040	51,727,102
Capital and reserves			
Called up share capital	16	14	14
Shareholders' contributions		51,963,820	51,963,820
Retained deficit		(680,794)	(236,732)
Shareholders' funds	16	51,283,040	51,727,102

The audited financial statements were approved and authorised for issue by the Board of Directors of DIF Bid Co Limited (company number 09281082) on 13 September 2022 and were signed on its behalf by:

DocuSigned by:

Javier Falero

L J Falero
Director

The accompanying notes form an integral part of these audited financial statements.

DIF Bid Co Limited

Statement of Changes in Equity for the year ended 31 December 2021

	Called up share capital £	Shareholders' contributions £	Retained deficit £	Shareholders' funds £
At 31 December 2019	14	51,963,820	(84,093)	51,879,741
Loss for the year	-	-	(152,639)	(22,736)
At 31 December 2020	14	51,963,820	(236,732)	51,727,102
Loss for the year	-	-	(444,062)	(444,062)
At 31 December 2021	14	51,963,820	(680,794)	51,283,040

The accompanying notes form an integral part of these audited financial statements.

DIF Bid Co Limited

Notes to and forming part of the financial statements
for the year ended 31 December 2021

1. COMPANY INFORMATION

DIF Bid Co Limited (the "Company") is a limited company registered in England and Wales on 27 October 2014. The principal activity of the Company is that of an investment holding company and financing entity. The registered office of the Company is 2nd Floor, 16 Stratford Place, Marylebone, London, WC1 1BF, United Kingdom. The Company commenced activities on 18 August 2015.

At 31 December 2021, DIF Infrastructure 3 Coöperatief U.A. holds 55 ordinary shares in the Company.

At 31 December 2021, DIF Infrastructure IV Coöperatief U.A. holds 85 ordinary shares in the Company.

The ultimate controlling parties of the Company are considered jointly, to be DIF Infrastructure IV Coöperatief U.A. and DIF Infrastructure III C.V., both entities are registered in the Netherlands.

2. BASIS OF PREPARATION

(a) Statement of compliance

These audited financial statements have been prepared in accordance with Financial Reporting Standard 102; the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"), and the Companies Act 2006. There were no material departures from the standard. These financial statements represent the Company only and are not consolidated.

(b) Functional and presentation currency

The functional and presentation currency of the Company is British Pound ("GBP" or "£"), rounded to the nearest £. The Directors consider that GBP reflects the primary economic environment in which the Company operates.

(c) Going concern

Subsequent to year end, the Company has entered into a sale and purchase agreement dated 1 June 2022 in relation to its investment and loan notes receivable. As a result, the Directors anticipate that the Company will be wound up. For this reason the Directors have not adopted the going concern basis of accounting in preparing these annual financial statements.

(d) Exemptions

The Directors have taken advantage of the exemption in paragraph 1A.8 of FRS 102 from including a cash flow statement in the financial statements on the grounds that the Company qualifies as a small company.

The Directors have also taken advantage of the exemption in Section 414 (b) of the Companies Act 2006 from including a strategic report on the grounds that the Company qualifies as a small company.

DIF Bid Co Limited

Notes to and forming part of the financial statements
for the year ended 31 December 2021 (continued)

3. ACCOUNTING POLICIES

A summary of the significant accounting policies, which have been applied consistently throughout the year are set out below:

(a) Interest income

Interest income is recognised as it accrues using the historical effective interest rate.

(b) Expenses and accruals

All expenses are accounted for on an accruals basis.

(c) Taxation

Current tax is measured at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the period end date.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the period end date, except that the recognition of deferred tax assets is limited to the extent that the Company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

(d) Investments

The Company's investment is measured at cost less impairment in accordance with paragraph 11.14 (d) of Section 11 *Basic Financial Instruments* of FRS 102. The Company's investment consists of non-puttable ordinary shares which are initially measured at fair value (transaction price). At the reporting date, the Company's investment is reviewed to determine whether there is objective evidence of impairment.

(e) Loan notes

Loan notes receivable

The Company's loan notes receivable are measured at amortised cost under Section 11 *Basic Financial Instruments* of FRS 102. Basic financial instruments including debt instruments such as loan notes receivable are described in paragraph 11.8 of FRS 102. Loan notes receivable fall within paragraph 11.8 of FRS 102 when these loan notes receivable constitute a fixed amount and have a positive fixed or variable rate.

As stated, loans notes receivable are measured at amortised cost using the effective interest rate method, less impairment losses, if any. These loan notes receivable are reviewed at each reporting date to determine whether there is objective evidence of impairment. If any such indication exists, an impairment loss is recognised in the Statement of Comprehensive Income as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

Loan notes payable

The Company's loan notes payable are measured at amortised cost under Section 11 *Basic Financial Instruments* of FRS 102. Basic financial instruments including debt instruments such as loan notes payable are described in paragraph 11.8 of FRS 102. Loan notes payable fall within paragraph 11.8 of FRS 102 when these loan notes payable constitute a fixed amount and have a positive fixed or variable rate.

DIF Bid Co Limited

Notes to and forming part of the financial statements
for the year ended 31 December 2021 (continued)

3. ACCOUNTING POLICIES (continued)

(f) Impairment

Financial assets that are stated at cost or amortised cost are reviewed at each reporting date to determine whether there is objective evidence of impairment. If any such indication exists, an impairment loss is recognised in the Statement of Comprehensive Income as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. At the reporting date, the Company's financial assets were reviewed to determine whether there is objective evidence of impairment, and no impairment was identified.

(g) Other financial instruments

Loan interest receivable and payable, cash and cash equivalents, amounts owing to related parties and other creditors and accruals are initially measured at transaction price in accordance with Section 11 *Basic Financial Instruments* of FRS 102.

Loan interest receivable and payable

The Company's interest receivable and payable are reviewed at each reporting date as part of the impairment review of the loan notes receivable and loan notes payable as noted at note 3(e).

Cash and cash equivalents

Cash and cash equivalents includes cash in hand and deposits held at call with banks with maturities of less than three months.

Amounts owing to related parties and other creditors and accruals

Subsequent to initial recognition, the amounts owing to related parties and other creditors and accruals are measured at amortised cost using the effective interest method.

4. ADMINISTRATIVE EXPENSES

During the years ended 31 December 2021 and 2020, the Company incurred the following administrative expenses:

	2021	2020
	£	£
Auditor fees	(7,400)	(8,277)
Tax compliance fees	(4,500)	-
Accounting fees	(735)	1,829
Bank fees	(369)	(480)
Other expenses	-	(109)
Total administrative expenses	(13,004)	(7,037)

5. INTEREST INCOME ON LOAN NOTES RECEIVABLE

During the year ended 31 December 2021, the Company earned interest income amounting to £5,923,625 (2020: £5,892,520) on unsecured loan notes issued by Bazalgette Ventures Limited (see note 9). Bazalgette Ventures Limited is a 100% subsidiary of Bazalgette Equity Limited, the entity the Company holds an investment in (see note 8).

DIF Bid Co Limited

Notes to and forming part of the financial statements
for the year ended 31 December 2021 (continued)

6. INTEREST EXPENSE ON LOAN NOTES PAYABLE

During the year ended 31 December 2021, the Company incurred interest expense amounting to £6,354,683 (2020: £6,038,122) on unsecured loan notes issued (see note 14).

7. TAXATION

Analysis of tax charge in the year:

	2021 £	2020 £
UK Corporation tax		
Current tax on profit for the year	-	-

The tax charge on the loss on ordinary activities for the year was as follows:

	2021 £	2020 £
Loss on ordinary activities before taxation	(444,062)	(152,639)
Tax loss at the standard rate of corporation tax in the UK 19%	84,372	29,001
Unutilised losses carried forward	(84,372)	(29,001)
Tax credit for losses group relieved	-	-

8. INVESTMENT

The Company holds the following investment at the reporting date:

	Holding	31 December 2021 £	31 December 2020 £
Bazalgette Equity Limited	10.66%	51,963,834	51,963,834
Total investment		51,963,834	51,963,834

The Company holds an investment of 10.66% of Bazalgette Equity Limited. Bazalgette Equity Limited holds 100% of the share capital of Bazalgette Ventures Limited, which in turn holds 100% of the share capital of Bazalgette Holdings Limited. This entity holds 100% of the share capital of Bazalgette Tunnel Limited. Bazalgette Tunnel Limited is the licensed infrastructure provider set up to finance, build, maintain and operate the Thames Tideway Tunnel.

See note 20 for details of an agreement entered into post year end.

DIF Bid Co Limited

Notes to and forming part of the financial statements
for the year ended 31 December 2021 (continued)

9. LOAN NOTES RECEIVABLE

	31 December 2021 £	31 December 2020 £
Bazalgette Ventures Limited	81,652,235	73,568,975
Total loan notes receivable	81,652,235	73,568,975

During the year ended 31 December 2021, a loan note of £8,083,260 was issued on 31 December 2021 for the capitalisation of interest. Furthermore the Company received an interest payment of £2,278,827 that included an amount of £42,276 on interest in relation to the deferral interest.

During the year ended 31 December 2020, a loan note of £457,393 was issued on 31 March 2020 by Bazalgette Ventures Limited. During the year ended 31 December 2020, the Company did not receive any principal repayments and there was no interest capitalised.

The Company, along with the other loan note holders of Bazalgette Ventures Limited, agreed to the temporary deferral of all right and entitlement in respect to its holding of the loan notes in the amount of interest receivable on 30 June 2020, 30 September 2020 and 31 December 2020. Post year end the deferral of interest receivable was agreed on 31 March 2021 and 30 June 2021. All amounts deferred will bear interest from 1 October 2020 at a rate equal to the aggregate of LIBOR and 50 basis points per annum.

Bazalgette Ventures Limited is a 100% subsidiary of Bazalgette Equity Limited, the entity the Company holds an investment in (see note 8).

Interest income on loan notes receivable for the years ended 31 December 2021 and 2020 is disclosed within note 5. At 31 December 2021 and 2020, there are no loan notes past due or impaired.

Interest is charged at a rate of 8% per annum. All of the loan notes mature in December 2064.

See note 20 for details of an agreement entered into post year end.

10. CASH AT BANK

At 31 December 2021, the Company held £26,685 (2020: £6,041) in cash at Coöperatieve Rabobank U.A.

11. INTEREST RECEIVABLE

	31 December 2021 £	31 December 2020 £
Loan notes interest receivable	(4,169)	4,434,293
Total interest receivable	(4,169)	4,434,293

This consists of balances relating to loan notes receivable as disclosed in note 9. See note 5 for interest income on loan notes during the year.

DIF Bid Co Limited

Notes to and forming part of the financial statements
for the year ended 31 December 2021 (continued)

12. INTEREST PAYABLE

	31 December 2021 £	31 December 2020 £
Loan notes interest payable	-	(1,144,051)
Total interest payable	-	(1,144,051)

This consists of balances relating to loan notes payable as disclosed in note 14. See note 6 for interest expense on loan notes during the year.

13. CREDITORS

	31 December 2021 £	31 December 2020 £
Other creditors and accruals	(12,900)	(14,700)
Amounts owed to related parties	-	(93,379)
Total creditors	(12,900)	(108,079)

14. LOAN NOTES PAYABLE

	31 December 2021 £	31 December 2020 £
Loan notes payable to DIF Infra 3 Finance B.V.	(32,352,318)	(30,552,554)
Loan notes payable to DIF Infra 4 Finance B.V.	(49,990,327)	(46,441,357)
Total loan notes payable	(82,342,645)	(76,993,911)

DIF Infra 4 Finance B.V.

On 30 November 2021 a new loan note of £50,876,790 was issued. This cancelled the loan note of £48,914,836 that was issued on 31 May 2021. The loan note issued on 30 November 2021 was subsequently cancelled and a new loan note of £49,990,327 issued on 31 December 2021. During the year ended 31 December 2021, interest of £1,232,147 was paid during the year and interest of £4,435,433 was capitalised. A further payment of £886,463 was set against interest previously capitalised.

On 31 March 2020 a new loan note of £44,656,970 was issued. This cancelled the loan note of £44,379,418 that was issued on 31 December 2019. The loan note issued on 31 March 2020 was cancelled and a new loan note of £46,441,357 issued on 30 September 2020. The loan note of £46,441,357 issued on 30 September 2020 was cancelled and a new loan note of £48,914,836 was issued on 31 May 2021. During the year ended 31 December 2020, there was capitalised interest on the loan notes issued to DIF Infra 4 Finance B.V. £2,243,075.

DIF Bid Co Limited

Notes to and forming part of the financial statements
for the year ended 31 December 2021 (continued)

14. LOAN NOTES PAYABLE (continued)

DIF Infra 3 Finance B.V.

On 30 November 2021 a new loan note of £33,045,642 was issued. This cancelled the loan note of £31,771,308 that was issued on 31 May 2021. The loan note issued on 30 November 2021 was cancelled and a new loan note of £32,352,318 issued on 31 December 2021. During the year ended 31 December 2021, interest of £917,853 was paid and interest of £2,493,088 was capitalised. A further payment of £693,324 was set against interest previously capitalised.

On 31 March 2020, a loan note was issued to DIF Infra 3 Finance B.V. for £28,900,878. This cancelled the loan note of £28,721,255 that was issued on 31 December 2019. The loan note issued on 31 March 2020 was cancelled by a loan note issued on 31 May 2020 for £29,374,360. The loan note of £29,374,360 issued on 31 May 2020 was cancelled and a new loan note of £30,552,554 was issued on 30 November 2020. The loan note of £30,552,554 issued on 30 November 2020 was cancelled and a new loan note of £31,771,308 was issued on 31 May 2021. During the year ended 31 December 2020, there was capital interest on the loan notes issued to DIF Infra 3 Finance B.V. totalling £1,710,299.

Interest expense on loan notes payable for the years ended 31 December 2021 and 2020, is disclosed within note 6. At 31 December 2021 and 2020, there are no loan notes past due or impaired. Interest is charged at a rate of 8% per annum. The loan notes mature in December 2064.

15. CALLED UP SHARE CAPITAL

	31 December 2021 £	31 December 2020 £
<i>Allotted, called up and fully paid</i>		
140 ordinary shares of par value £0.10	14	14
	<u>14</u>	<u>14</u>

On 31 December 2021 and on 31 December 2020, the shareholders of the Company are DIF Infrastructure 3 Coöperatief U.A. and DIF Infrastructure IV Coöperatief U.A.

At 31 December 2021, DIF Infrastructure 3 Coöperatief U.A. holds 55 ordinary shares in the Company and DIF Infrastructure IV Coöperatief U.A. holds 85 ordinary shares in the Company.

The ultimate controlling parties of the Company are considered jointly, to be DIF Infrastructure IV Coöperatief U.A. and DIF Infrastructure III C.V., both entities are registered in the Netherlands.

16. SHAREHOLDERS' FUNDS

During the year ended 31 December 2021 and 2020, there were no equity contributions from the shareholders to the Company. At 31 December 2021 and 2020, shareholders' funds consisted of called-up share capital representing the nominal value of shares that have been issued, shareholders' contributions and the retained deficit.

DIF Bid Co Limited

Notes to and forming part of the financial statements
for the year ended 31 December 2021 (continued)

17. FINANCIAL RISK MANAGEMENT

The financial risks to which the Company is exposed are market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

(a) Market risk

(i) Currency risk

As at 31 December 2021 and 2020, the majority of the assets and liabilities of the Company are denominated in the functional currency, GBP. The Company's exposure to currency risk is therefore significantly reduced.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company is exposed to interest rate risk on the unsecured loan notes receivable and the unsecured loan notes payable. The interest rate risk is mitigated as the loan notes receivable and payable bear the same fixed coupon rates.

(iii) Price risk

Price risk is the risk that the value of the instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

The Company holds its investment in a private company. It is a long term strategic investment. Correlation is not sought with any market or index.

(b) Credit risk

The Company is exposed to credit risk on loan notes and interest receivable, and amounts owed from debtors. This risk is mitigated by the fact that the loan notes and interest receivable are owed from Bazalgette Ventures Limited, a 100% subsidiary of Bazalgette Equity Limited.

The Company indirectly has a credit risk to its underlying investment in Thames Tideway Tunnel, being the risk that Thames Tideway Tunnel will fail to discharge an obligation or commitment that it has entered into with Bazalgette Tunnel Limited, 100% holder of Thames Tideway Tunnel's share capital. As at 31 December 2021, Thames Tideway Tunnel continues to discharge its obligations and commitments to Bazalgette Tunnel Limited. The project is expected to be completed in 2025.

(c) Liquidity risk

The Company is primarily exposed to liquidity risk on the unsecured loan notes due to its group entities, DIF Infra 4 Finance B.V. and DIF Infra 3 Finance B.V., which were advanced to fund the Company's investment in Bazalgette Equity Limited. The liquidity risk is mitigated as the repayment date for the loan notes are more than five years from the date of the Statement of Financial Position and match the expected return from the loan notes receivable. The liquidity risk is also mitigated as the costs of this Company will be paid, as necessary by other group entities.

18. RELATED PARTY TRANSACTIONS

A. D. Freeman, who was a Director during the year, was also a Director of the shareholders during the year, DIF Infra 4 UK Ltd and DIF Infra 3 UK Ltd. A. D. Freeman resigned as Director of the Company on 5 March 2021.

DIF Bid Co Limited

Notes to and forming part of the financial statements
for the year ended 31 December 2021 (continued)

19. FUNDING COMMITMENTS

The Company committed to provide loan capital to Bazalgette Ventures Limited in the amount of £77,945,754 in exchange for 77,945,754 unsecured loan notes with a nominal value of £1 each. The interest on the loan notes is charged at a rate of 8% per annum and the loan notes mature in December 2064. The Company has provided the full loan capital commitment of £77,945,754 to Bazalgette Ventures Limited. On 17 December 2019, the Company signed a Deed of Variation with Bazalgette Ventures Limited which amended the interest and payment terms from bi-annual to quarterly. The new payment terms commenced from the quarter ended 31 December 2019. At 31 December 2021 there were no unfunded loan capital commitments and no new loan capital commitments.

The Company committed to provide equity capital to Bazalgette Equity Limited in the amount of £51,963,834 in exchange for 54,077,965 shares. At 31 December 2021 there are no unfunded equity capital commitments and no new capital commitments.

20. SUBSEQUENT EVENTS

Subsequent to year end, the Company has entered into a sale and purchase agreement dated 1 June 2022 with Allianz European Infrastructure Fund II SCSp, Bazalgette (Investments) Limited, IPP (Bazalgette) Limited and Auger Bore Investments Limited. This agreement is in relation to its investment and loan notes receivable. As a result, the Directors anticipate that the Company will be wound up.

In preparing the financial statements for the year ended 31 December 2021, the Directors continued to evaluate the impact of COVID-19 on the Company through to 13 September 2022, the date the financial statements were available to be issued, and have not identified any necessary adjustments or disclosure in the financial statements.

Officially commencing on the 24th February 2022, the invasion of Ukraine by Russian Forces has dominated headlines and driven market activity, posing a significant threat to financial and political stability during the first quarter of 2022. While the effects of continued hostilities between Russia, Ukraine and their wider alliances are causing significant market volatility, this is considered a non-adjusting post balance sheet event and therefore does not impact the financial results included within these financial statements. The economic and broader impacts of Russia's campaign in Ukraine will have an effect on the financial statements and operations in the future, though it is not possible to quantify likely impacts at this stage. The financial statements do not include any adjustments as a result of this subsequent event.

The Directors continued to evaluate the impact of subsequent events on the Company through to 13 September 2022, the date the financial statements were available to be issued, and have not identified any other subsequent events requiring recognition or disclosure in the financial statements.

21. APPROVAL OF FINANCIAL STATEMENTS

The Directors approved the audited financial statements on 13 September 2022.