

# **Group Package Accounts**

## **ABC Schools Holdings Limited Annual Report and Financial Statements For the Year Ended 31 December 2014**

**Registered Number SC281990**

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# **ABC Schools Holdings Limited**

## **Financial Statements**

**Year Ended 31 December 2014**

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# **ABC Schools Holdings Limited**

## **Company Information**

### **The Board of Directors**

BIIF Corporate Services Limited  
J I Cavill  
D F Gilmour  
S Peck

### **Company secretary**

Infrastructure Managers Limited

### **Registered office**

2nd Floor  
11 Thistle Street  
Edinburgh  
EH2 1DF

### **Auditors**

PricewaterhouseCoopers LLP  
Chartered accountants and Statutory Auditors  
Level 4  
Atria One  
144 Morrison Street  
Edinburgh  
EH3 8EX

### **Bankers**

Royal Bank of Scotland Plc  
PO Box 412  
62/63 Threadneedle Street  
London  
EC2R 8LA

### **Solicitors**

Maclay Murray & Spens LLP  
Quatermile One  
15 Lauriston Place  
Edinburgh  
EH3 9EP

# **ABC Schools Holdings Limited**

## **Directors' Report**

### **Year Ended 31 December 2014**

The directors present their report and the financial statements of the Company for the year ended 31 December 2014.

### **Principal activities**

The Company acts as a holding company to ABC Schools Limited. The principal activities of ABC Schools Limited are the design, build, finance, operation and maintenance of five schools to Argyll and Bute Council.

### **Results and Dividends**

The profit for the year, after taxation, amounted to £nil (2013: £nil). The directors did not recommend a dividend.

The profit for the year will be transferred to reserves.

The results for the year are in line with budget. The directors anticipate that the Company will perform in line with budget in the coming financial year.

### **Key Performance Indicators**

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

### **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.

**ABC Schools Holdings Limited**

**Directors' Report** *(continued)*

**Year Ended 31 December 2014**

**Small company provisions**

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

Registered office:  
2nd Floor  
11 Thistle Street  
Edinburgh  
EH2 1DF

Signed by order of the directors



Infrastructure Managers Limited  
Company Secretary

Approved by the directors on 22 April 2015

# **ABC Schools Holdings Limited**

## **Statement of Directors' Responsibilities**

**Year Ended 31 December 2014**

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 year.

In preparing those financial statements, the directors are required to:

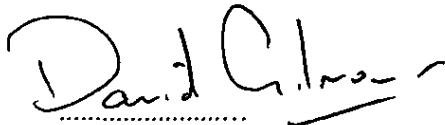
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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 22 April 2015 and signed on its behalf by:

  
D F Gilmour

# **ABC Schools Holdings Limited**

## **Independent Auditors' Report to the Members of ABC Schools Holdings Limited**

### **Report on the financial statements**

#### ***Our opinion***

In our opinion, ABC Schools Holdings Limited's financial statements ("the financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2014 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.

#### ***What we have audited***

ABC Schools Holdings Limited's financial statements, comprise:

- the balance sheet as at 31 December 2014;
- the profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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

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

#### **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.

## **ABC Schools Holdings Limited**

### **Independent Auditors' Report to the Members of ABC Schools Holdings Limited** *(continued)*

#### **Other matters on which we are required to report by exception**

##### ***Adequacy of accounting records and information and explanations received***

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

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

We have no exceptions to report arising from this responsibility.

##### ***Directors' remuneration***

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

##### ***Entitlement to exemptions***

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

#### **Responsibilities for the financial statements and the audit**

##### ***Our responsibilities and those of the directors***

As explained more fully in the Statement of Directors' Responsibilities 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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



## ABC Schools Holdings Limited

### Independent Auditors' Report to the Members of ABC Schools Holdings Limited (continued)

#### *What an audit of financial statements involves*

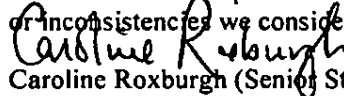
We conducted our audit in accordance with ISAs (UK and Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.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

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

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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

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

22 April 2015

# ABC Schools Holdings Limited

## Profit and Loss Account

Year Ended 31 December 2014

	Note	2014 £	2013 £
Turnover		-	-
Operating profit		-	-
Interest receivable	4	1,600,153	1,610,457
Interest payable and similar charges	5	(1,600,153)	(1,610,457)
Profit on ordinary activities before taxation		-	-
Tax on profit on ordinary activities		-	-
Profit for the financial year		-	-

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 10 to 13 form part of these financial statements.

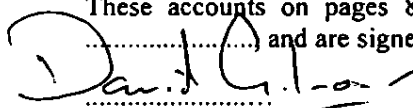
# ABC Schools Holdings Limited

## Balance Sheet

As at 31 December 2014

	Note	2014 £	2013 £
<b>Fixed assets</b>			
Investments	6	10	10
<b>Current assets</b>			
Debtors due within one year	7	402,744	457,800
Debtors due after one year	7	11,019,606	11,019,606
		11,422,350	11,477,406
<b>Creditors: Amounts falling due within one year</b>	8	(453,589)	(457,800)
<b>Net current assets</b>		10,968,761	11,019,606
<b>Total assets less current liabilities</b>		10,968,771	11,019,616
<b>Creditors: Amounts falling due after more than one year</b>	9	(10,968,761)	(11,019,606)
<b>Net assets</b>		10	10
<b>Capital and reserves</b>			
Share capital	10	10	10
Profit and loss account		-	-
<b>Equity shareholders' funds</b>	11	10	10

These accounts on pages 8 to 13 were approved by the directors and authorised for issue on 22 April 2015 and are signed on their behalf by:

  
D F Gilmour

Company Registration Number: SC281990

The notes on pages 10 to 13 form part of these financial statements.

# **ABC Schools Holdings Limited**

## **Notes to the Financial Statements**

### **Year Ended 31 December 2014**

#### **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 financial projections indicate that sufficient funds will be generated to allow on-going obligations to be met as they fall due.

##### **Consolidation**

The Company was, at the end of the year, a wholly-owned subsidiary of another company incorporated in the EEA and in accordance with Section 400 of the Companies Act 2006, is not required to produce, and has not published, consolidated accounts.

##### **Cash flow statement**

The Company is a wholly owned 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 FRS 1.

##### **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.

##### **Fixed asset investments**

All unlisted investments are stated at cost less any provision for diminution in value.

#### **2. Auditor's Remuneration**

Auditors remuneration has been borne by ABC Schools Limited.

#### **3. Particulars of employees and directors**

The directors did not receive any remuneration from the Company during the year (2013: £nil). There were no employees in the financial year other than the directors (2013: nil).

# ABC Schools Holdings Limited

## Notes to the Financial Statements

Year Ended 31 December 2014

### 4. Interest receivable

	2014	2013
	£	£
Interest from group undertakings	<u>1,600,153</u>	<u>1,610,457</u>

### 5. Interest payable and similar charges

	2014	2013
	£	£
Debenture interest payable	<u>1,600,153</u>	<u>1,610,457</u>

### 6. Investments

	Shares in subsidiary
	£
Cost	
At 1 January 2014 and 31 December 2014	<u>10</u>
Net book value	
At 31 December 2014 and 31 December 2013	<u>10</u>

The investment is in ABC Schools Limited, a Company in which 100% of the ordinary share capital is held. ABC Schools Limited is incorporated within the United Kingdom. The principal activity of ABC Schools Limited is the provision of design, construction, finance and facilities management services in relation to schools in the Argyll & Bute Region. The results of ABC Schools Limited for the year ended 31 December 2014 were as follows: Profit for the year £685,928 (31 December 2013: Profit £370,885) Capital and reserves deficit £944,041 (31 December 2013: deficit £1,629,969).

### 7. Debtors

	2014	2013
	£	£
Amounts owed by group undertakings	<u>11,422,350</u>	<u>11,477,406</u>

The debtors above include the following amounts falling due after more than one year:

	2014	2013
	£	£
Amounts owed by group undertaking	<u>11,019,606</u>	<u>11,019,606</u>

The amounts owed by group undertakings relate to loan notes totalling £11,019,606 (2013: £11,072,721) and accrued interest relating to the loan notes of £402,744 (2013: £404,685). The Loan notes which are unsecured, bear interest at 4.88%/5.01% per annum from the date of issue until the project construction completion date, followed by 14.5% now the project is fully operational. They are repayable in semi-annual instalments from September 2009 and are wholly repayable by 31 March 2033.

# ABC Schools Holdings Limited

## Notes to the Financial Statements

### Year Ended 31 December 2014

#### 8. Creditors: Amounts falling due within one year

	2014	2013
	£	£
Amounts owed to group undertakings	<u>453,589</u>	<u>457,800</u>

#### 9. Creditors: Amounts falling due after more than one year

	2014	2013
	£	£
Amounts owed to group undertakings	<u>10,968,761</u>	<u>11,019,606</u>

The amounts owed to group undertakings relate to loan notes totalling £11,019,606 (2013: £11,072,721) and accrued interest relating to the loan notes of £402,744 (2013: £404,685). The Loan notes which are unsecured, bear interest at 4.88%/5.01% per annum from the date of issue until the project construction completion date, followed by 14.5% now the project is fully operational. They are repayable in semi-annual instalments from September 2009 and are wholly repayable by 31 March 2033.

#### 10. Share capital

##### Allotted, called up and fully paid:

	2014		2013	
	No	£	No	£
Ordinary shares of £1 each	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>

#### 11. Reconciliation of movements in shareholders' funds

	2014	2013
	£	£
Opening shareholders' funds	<u>10</u>	<u>10</u>
Closing shareholders' funds	<u>10</u>	<u>10</u>

#### 12. 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.

# **ABC Schools Holdings Limited**

## **Notes to the Financial Statements**

**Year Ended 31 December 2014**

### **13. Ultimate parent company**

The immediate parent undertaking is PFI Infrastructure Finance Limited.

The intermediate parent undertaking is BIIF Holdco Limited, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of BIIF Holdco Limited consolidated financial statements can be obtained from the Company Secretary at c/o Dundas & Wilson, Northwest Wing Bush House, Aldwych, London WC2B 4EZ.

The ultimate parent and controlling party is BIIF L.P. BIIF L.P. is owned by a number of investors with no one investor having individual control. The immediate parent company is PFI Infrastructure Finance Limited.

The ultimate parent and controlling entity is BIIF LP. BIIF 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 2014**

**Registered number 06704550**



# **BIIF Holdco Limited**

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## **BIIF Holdco Limited**

### **Company Information**

**Directors:** Andrew Matthews (resigned 13 February 2015)  
Nigel Middleton

**Company Secretary:** Infrastructure Managers Limited

**Registered Office:** Cannon Place  
78 Cannon Street  
London  
EC4N 6AF

**Independent Auditors:** PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Level 4  
Atria One  
144 Morrison Street  
Edinburgh  
EH3 8EX

# BIIF Holdco Limited

## Strategic Report

**Year Ended 31 December 2014**

The Directors present their strategic report of the Company and the Group for the year ended 31 December 2014.

### Principal Objectives and Strategies

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.

### Review of the Business

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.

	31 Dec 2014 £000	31 Dec 2013 £000
<b>(Loss)/Profit before taxation</b>	<b>(109,979)</b>	<b>119,160</b>
Amortisation of fair value adjustments	30,221	24,718
Unrealised movement in the fair value of derivatives	84,720	(92,083)
	<u>4,962</u>	<u>51,795</u>
Realised operating income		
Gain on sale of investments	-	(53,073)
<b>Trading profit/(loss)</b>	<b><u>4,962</u></b>	<b><u>(1,278)</u></b>

The consolidated balance sheet shows net liabilities of £367,438,000 (2013: net liabilities £242,761,000). 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:

	31 Dec 2014 £000	31 Dec 2013 £000
<b>Net liabilities</b>	<b>(367,438)</b>	<b>(242,761)</b>
Unrealised derivative financial liabilities	479,123	394,403
Revaluation of Investment Property	(2,684)	(2,833)
<b>Realised net assets</b>	<b><u>109,001</u></b>	<b><u>148,809</u></b>

On 19 Dec 2014 the Group refinanced one of the group loans securing a new banking facility on this loan of £314,000,000. The loan is repayable by instalments with a final payment on 30 September 2035. This is described in more detail in note 13.

### Future Developments

The Directors intend for the business to continue to hold its interests in the investments.

### 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.

# **BIIF Holdco Limited**

## **Strategic Report**

### **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.

### **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.

Approved by the board on 29 September 2015 and signed on its behalf by:

Nigel Middleton  
Director

# **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 2014.

### **Results and Dividends**

The net consolidated loss after tax and minority interests in the financial year was £127,545,000 (2013: profit £122,659,000). The result for the year will be transferred to reserves.

Dividends of £nil (2013: £nil) were paid by the company during the year.

### **Directors and their interests**

The Directors in office during the year and up to the date of this report, shown on page 1, 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 29 September 2015 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 Group 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 2014. 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 29 September 2015 and signed on its behalf by:

Nigel Middleton  
Director

# **BIIF Holdco Limited**

## **Independent Auditors' Report to the members of BIIF Holdco Limited**

### **Report on the Financial Statements**

#### ***Our Opinion***

In our opinion, BIIF Holdco Limited's group financial statements and company financial statements (the "financial statements");

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2014 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.

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

#### ***What We Have Audited***

The financial statements comprise:

- the Group and Company Balance Sheet as at 31 December 2014;
- the Group Profit and Loss Account and the Statement of Group Total recognised Gains and Losses for the year then ended;
- the Group Cash Flow Statement for the year then ended ; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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

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

#### **Opinion on other matters prescribed by the Companies Act 2006**

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

#### **Other matters on which we are required to report by exception**

##### ***Adequacy of accounting records and information and explanations received***

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are no in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

##### ***Directors' remuneration***

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are no made. We have no exceptions to report arising from this responsibility.

# **BIIF Holdco Limited**

## **Independent Auditors' Report to the members of BIIF Holdco Limited**

### **Responsibilities for the financial statements and the audit**

#### ***Our responsibilities and those of the directors***

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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

#### ***What an Audit of Financial Statements Involves***

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

- whether the accounting policies are appropriate to the group's and 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material mis-statements or inconsistencies we consider the implications for our report.

Caroline Roxburgh (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Edinburgh  
29 September 2015



**BIIF Holdco Limited**  
**Group Profit and Loss Account**  
For the year ended 31 December 2014

	Note	Year ended 31 Dec 2014 £000	Year ended 31 Dec 2013 £000
<b>Turnover</b> <b>(including share of joint ventures)</b>			
Continuing operations	2	<u>569,214</u>	<u>516,609</u>
		569,214	516,609
<b>Less: share of turnover of joint ventures</b>			
Continuing operations		<u>(214,388)</u>	<u>(177,793)</u>
		(214,388)	(177,793)
<b>Group turnover</b>		<u>354,826</u>	<u>338,816</u>
Cost of sales		(262,319)	(258,529)
<b>Group gross profit</b>		<u>92,506</u>	<u>80,287</u>
Dividend income		10,026	11,863
Gain on sale of investments		-	53,073
Net operating expenses		(41,494)	(29,261)
<b>Group operating profit</b>		<u>61,038</u>	<u>115,962</u>
Continuing operations			
Share of operating profit in associates and joint ventures		42,617	45,517
<b>Total operating profit</b>		<u>103,655</u>	<u>161,479</u>
<b>Group and share of joint ventures and associates</b>			
Net interest payable and similar items	3		
- Group		(91,730)	(108,396)
- Fair value (loss)/gain on derivatives		(84,720)	92,083
- Associates and joint ventures		<u>(37,184)</u>	<u>(26,006)</u>
		(213,634)	(42,319)
<b>(Loss)/Profit on ordinary activities before taxation</b>	4	<u>(109,979)</u>	<u>119,160</u>
Tax on loss on ordinary activities	5		
- Group		(6,918)	12,820
- Associates and joint ventures		<u>(7,125)</u>	<u>(4,962)</u>
		(14,043)	7,858
<b>(Loss)/Profit on ordinary activities after taxation</b>		<u>(124,022)</u>	<u>127,018</u>
Equity minority interests	18	(3,523)	(4,359)
<b>(Loss)/Profit for the financial year</b>	17	<u>(127,545)</u>	<u>122,659</u>

There is no difference between the (loss)/profit on ordinary activities before taxation and the retained (loss)/profit 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 2014

	<b>31 Dec 2014</b> <b>£000</b>	<b>31 Dec 2013</b> <b>£000</b>
(Loss)/Profit for the financial year attributable to shareholders	<b>(127,545)</b>	122,659
Unrealised (loss)/profit of revaluation of investment property	<b>(149)</b>	250
Unrealised loss on movements in foreign exchange	<b>(506)</b>	(126)
<b>Total recognised (losses)/gains since last annual report</b>	<b><u>(128,200)</u></b>	<b><u>122,783</u></b>

**BIIF Holdco Limited**  
**Group and Company Balance Sheets**  
As at 31 December 2014

	Note	Group 31 Dec 2014 £000	Group 31 Dec 2013 £000	Company 31 Dec 2014 £000	Company 31 Dec 2013 £000
<b>Fixed assets</b>					
Tangible assets	7	411,829	435,237	-	-
Investment properties	7	63,954	64,103	-	-
<b>Investments</b>					
Interests in joint ventures:	8				
Share of gross assets		1,749,368	1,724,668	-	-
Share of gross liabilities		(1,406,995)	(1,375,969)	-	-
Associates:	8				
Interest in associates		103,003	102,886	-	-
		<u>445,376</u>	<u>451,585</u>	<u>-</u>	<u>-</u>
		<u>921,159</u>	<u>950,925</u>	<u>-</u>	<u>-</u>
<b>Current assets</b>					
Debtors: due within one year	10	95,835	83,163	-	-
Debtors: due after more than one year	11	1,418,387	1,445,465	-	-
Cash in hand and at bank		222,746	210,380	-	-
		<u>1,736,968</u>	<u>1,739,008</u>	<u>-</u>	<u>-</u>
<b>Creditors: amounts falling due within one year</b>	12	(334,903)	(274,281)	-	-
<b>Net current assets</b>		<u>1,402,065</u>	<u>1,464,727</u>	<u>-</u>	<u>-</u>
<b>Total assets less current liabilities</b>		<u>2,323,224</u>	<u>2,415,652</u>	<u>-</u>	<u>-</u>
<b>Creditors: amounts falling due after more than one year</b>	13	(2,152,544)	(2,207,468)	-	-
<b>Derivative financial instruments</b>	9	(479,123)	(394,403)	-	-
<b>Provision for liabilities and charges</b>					
Deferred taxation	14	(58,995)	(56,542)	-	-
<b>Net liabilities</b>		<u>(367,438)</u>	<u>(242,761)</u>	<u>-</u>	<u>-</u>
<b>Capital and reserves</b>					
Called up share capital	15	-	-	-	-
Other reserves	16	2,052	2,707	-	-
Profit and loss account	17	(401,307)	(273,762)	-	-
<b>Total shareholders' deficit</b>	19	<u>(399,255)</u>	<u>(271,055)</u>	<u>-</u>	<u>-</u>
Equity minority interests	18	31,817	28,294	-	-
		<u>(367,438)</u>	<u>(242,761)</u>	<u>-</u>	<u>-</u>

These financial statements on pages 8 to 36 were approved by the Directors and authorised for issue on 29 September 2015 and are signed on its behalf by:

Nigel Middleton  
Director

**BIIF Holdco Limited**  
**Group Cash Flow Statement**  
For the year ended 31 December 2014

	Note	Year ended 31 Dec 2014		Year ended 31 Dec 2013	
		£000	£000	£000	£000
<b>Net cash flow from operating activities</b>	20		<b>118,562</b>		126,655
Dividends received			<b>10,026</b>		11,863
<b>Returns on investment and servicing of finance</b>					
Interest received		<b>80,809</b>		88,575	
Interest paid		<b>(161,039)</b>		(188,493)	
Issue costs of new bank facility		<b>(4,709)</b>		-	
Net cash outflow from returns on investments and servicing of finance			<b>(84,940)</b>		(99,918)
<b>Taxation</b>			<b>2,318</b>		(1,705)
<b>Capital expenditure and financial investment</b>					
Purchase of tangible fixed assets		<b>(257)</b>		(43,575)	
Disposal of tangible fixed assets		<b>2,979</b>		-	
Net cash outflow from capital expenditure and financial investment			<b>2,722</b>		(43,575)
<b>Acquisitions and disposals</b>					
Purchase of interest in associates and joint ventures		-		(589)	
Proceeds of sale of interest in associates and joint ventures		-		77,313	
Net cash outflow from acquisitions and disposals			-		76,724
			<b>48,688</b>		70,044
<b>Financing</b>					
Receipts of new banking facilities		<b>312,919</b>		87,820	
Net decrease in bank borrowings and other loans		<b>(364,989)</b>		(105,892)	
Capital repayments of loan amounts issued to joint ventures and associates		<b>5,451</b>		5,023	
Loans advanced to joint ventures and associates		<b>(930)</b>		(55,771)	
Net movement in loan amounts due from project companies in the Group under sub participation agreement from the bank		<b>11,227</b>		10,861	
			<b>(36,322)</b>		(57,959)
<b>Increase in cash</b>			<b>12,366</b>		12,085

# **BIIF Holdco Limited**

## **Notes to the financial statements**

For the year ended 31 December 2014

### **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 although the Group currently has net liabilities 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 it 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 2014

### **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 represents the services share of the management services income received by the group for the provision of a PFI asset to the customer. This income is received over the life of the concession period. 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.

#### **Accounting for PFI assets**

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 it 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.

##### **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 2014

### **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 2014

### 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 arise entirely from continuing operations. An analysis of turnover is given below:

	31 Dec 2014 £000	31 Dec 2013 £000
United Kingdom	461,749	461,297
Other European Union	107,465	55,312
Total turnover	<u>569,214</u>	<u>516,609</u>



**BIIF Holdco Limited**  
**Notes to the financial statements**  
For the year ended 31 December 2014

3. **Interest and similar items**

	31 Dec 2014 £000	31 Dec 2013 £000
<b>Interest payable</b>		
Interest payable on bank loans and overdrafts	(89,269)	(117,391)
Interest payable on Eurobond	(46,070)	(42,837)
Interest on long term bond	(12,633)	(12,328)
Amortisation of loan issue costs	(8,213)	(7,217)
Share of joint venture interest payable	(76,194)	(65,866)
Share of associate interest payable	(23,450)	(25,016)
 Total interest payable and similar items	 <u>(255,830)</u>	 <u>(270,655)</u>
<b>Interest receivable</b>		
Bank interest receivable	2,964	3,968
Share of joint venture interest receivable	50,987	52,127
Share of associate interest receivable	11,473	12,749
Finance debtor interest receivable	61,492	67,409
 Total interest receivable	 <u>126,916</u>	 <u>136,253</u>
 Fair value (loss)/gain on derivatives	 <u>(84,720)</u>	 <u>92,083</u>
 Net interest payable and similar items	 <u>(213,634)</u>	 <u>(42,319)</u>
 Represented by net interest payable and similar items:		
Continuing operations	(176,450)	(16,313)
Share of joint ventures	(25,207)	(13,739)
Share of associates	(11,977)	(12,267)
	<u>(213,634)</u>	<u>(42,319)</u>

# BIIF Holdco Limited

## Notes to the financial statements

For the year ended 31 December 2014

### 4. Profit/(Loss) on ordinary activities before taxation

	31 Dec 2014 £000	31 Dec 2013 £000
Profit/(Loss) on ordinary activities before taxation is stated after charging:		
Depreciation of tangible fixed assets	20,686	19,030
Amortisation of fair value adjustments	30,221	24,718
Gain on disposal of fixed asset investment	-	53,073
Wages and salaries	3,712	2,647
Social security costs	359	288
Fee payable to the company auditor for the audit of the parent company, subsidiary companies and consolidated accounts (parent company: 2014: £4,000, 2013: £4,000)	758	745
Fees payable to the company auditor for other services		
- Restructuring and diligence services*	600	-
- Tax compliance services	-	17

\* These fees were paid by the company's parent company BIIF LP.

There were 51 employees in the financial year other than the Directors (2013: 50).

None of the Directors of the Company received any remuneration from the Group during the year (2013: £nil). Attention is drawn to the payments made to certain Directors of subsidiary undertakings disclosed in note 24.

### 5. Taxation

	31 Dec 2014 £000	31 Dec 2013 £000
<b>Current tax</b>		
UK corporation tax on profit/(loss) for the year	3,706	1,711
Adjustments in respect of prior periods for subsidiary companies	758	(7,506)
<b>Tax on profit on ordinary activities</b>	<u>4,464</u>	<u>(5,795)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	2,454	(7,025)
<b>Total deferred tax credit</b>	<u>2,454</u>	<u>(7,025)</u>
<b>Share of associates and joint ventures tax</b>	<u>7,125</u>	<u>4,962</u>
<b>Tax on profit/(loss) on ordinary activities</b>	<u>14,043</u>	<u>(7,858)</u>

**BIIF Holdco Limited**  
**Notes to the financial statements**  
For the year ended 31 December 2014

**5. Taxation (continued)**

The tax assessed for the year is lower than (2013: lower than) the standard rate applying in the UK (21.49%) (2013: 23.25%). The differences are explained below:

	<b>31 Dec 2014</b>	31 Dec 2013
	<b>£000</b>	£000
Profit/(loss) on ordinary activities before tax	<b>(115,413)</b>	99,649
Share of profit in associates and joint ventures before tax	<b>5,433</b>	19,511
Group profit/(loss) on ordinary activities before tax	<u><b>(109,980)</b></u>	<u>119,160</u>
Profit/(Loss) on ordinary activities at the UK tax rate 21.49% (2013: 23.25%)	<b>(23,638)</b>	27,701
Effects of:		
(Income)/expenses not deductible for tax purposes	<b>7,323</b>	(20,349)
Losses not recognised	<b>13,583</b>	(13,633)
Adjustment in respect of prior year tax charge	<b>758</b>	(7,506)
Accelerated capital allowances/other timing differences	<b>2,256</b>	486
Non-trading transfer pricing adjustment	<b>5,122</b>	7,850
Group relief not paid for	<b>(485)</b>	-
Effect of rate change	<b>(455)</b>	(344)
<b>Total current tax charge</b>	<u><b>4,464</b></u>	<u>5,795</u>

**6. Results of holding company**

A Company profit of £nil (2013: £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 2014

7. **Tangible fixed assets Group**

	<b>Buildings £000</b>	<b>Equipment £000</b>	<b>Total £000</b>
<b>Cost or valuation</b>			
As at 1 January 2014	435,371	128,609	563,980
Additions	-	257	257
Disposals	-	(2,979)	(2,979)
<b>As at 31 December 2014</b>	<b>435,371</b>	<b>125,887</b>	<b>561,258</b>
<b>Depreciation</b>			
As at 1 January 2014	93,208	35,535	128,743
Charge for the period	13,466	7,220	20,686
Disposals	-	-	-
<b>As at 31 December 2014</b>	<b>106,674</b>	<b>42,755</b>	<b>149,429</b>
<b>Net book value</b>			
<b>As at 31 December 2014</b>	<b>328,697</b>	<b>83,132</b>	<b>411,829</b>
As at 31 December 2013	342,163	93,074	435,237

Interest charged to the Profit and Loss Account included within the depreciation charge is £1,049,899 (2013: £524,000). Interest capitalised to date, included in cost, totals £25,498,000 (2013: £25,942,000). Included within the total for Equipment is £5,521,080 (2013: £7,578,000) in respect of assets held under finance lease.

The Company has no fixed assets.

<b>Investment properties - Group</b>	<b>Land &amp; Buildings £000</b>
<b>Cost or valuation</b>	
As at 1 January 2014	64,103
Revaluation	(149)
<b>As at 31 December 2014</b>	<b>63,954</b>

The Group holds residential and commercial investment properties.

The residential investment properties were revalued on an open market basis in March 2015 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 2014

### 8. Investments

Group Investments	Joint ventures £000	Associates £000	Loans to joint ventures £000	Loans to associates £000	Total £000
<b>Cost or valuation</b>					
As at 1 January 2014	204,147	78,682	144,551	24,205	451,585
Additions	-	-	930	-	930
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer to controlled entities	-	-	-	-	-
Share of retained (losses)/profits	(2,106)	414	-	-	(1,692)
Repayment of loan	-	-	(5,151)	(299)	(5,450)
<b>As at 31 December 2014</b>	<b>202,041</b>	<b>79,096</b>	<b>140,330</b>	<b>23,906</b>	<b>445,373</b>

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

	Share of Turnover £000	Share of non- current assets £000	Share of current assets £000	Share of non-current liabilities £000	Share of current liabilities £000	Share of net assets £000
<b>31 December 2014</b>						
Joint ventures	214,388	1,502,724	246,644	1,314,083	92,912	342,373
Associates	54,132	348,941	86,612	291,530	41,020	103,000
<b>31 December 2013</b>						
Joint ventures	177,793	1,484,757	239,910	1,291,152	84,817	348,698
Associates	52,432	372,992	83,782	317,437	36,450	102,887

Investments in Group undertakings are stated at cost. The Directors consider that to give full particulars of all subsidiaries would lead to a statement of excessive length.

# **BIIF Holdco Limited**

## **Notes to the financial statements**

For the year ended 31 December 2014

### **8. Investments (continued)**

The companies listed below are subsidiaries of the Group:-

#### **Investment**

A-Roads Investments Limited  
 ABC Schools (Holdings) Limited  
 ABC Schools Limited  
 Adams Campus Limited  
 Alert Communications Group Holdings Limited  
 Alert Communications (Holdings) Limited  
 Alert Communications (2006) Limited  
 Alert Communications Limited  
 Alpha Schools (West Lothian) Holdings Limited  
 Alpha Schools (West Lothian) Limited  
 AM Holdco Limited  
 Anavon Holdings Limited  
 Anavon Limited  
 Bannockburn Group Limited  
 Bannockburn Holdings Limited  
 Bannockburn Homes Limited  
 Barclays Intergrated Infrastructure Project sarl  
 Black Hill Topco Limited  
 Black Hill Holdings Limited  
 Black Hill Wind Farm Limited  
 BIIF Bidco Limited  
 Blackshaw Healthcare Services Holdings Limited  
 Blackshaw Healthcare Services Ltd  
 BIIF Holdco II Limited  
 BIIF Holdco III Limited  
 BIIF IssuerCo Limited  
 BIIF Offshore Windkraft Holdings Limited  
 BIIF Parentco Limited  
 Catchment Highland Holdings Limited  
 Catchment Highland Limited  
 Catchment Limited  
 Catchment Moray Holdings Limited  
 Catchment Moray Limited  
 Catchment Tay Holdings Limited  
 Catchment Tay Limited  
 CH Bolton Limited  
 CH Holton (Holdings) Limited  
 Chrysalis LP Limited  
 Connect A50 Limited  
 Connect Roads Limited  
 Covesea Holdings Limited  
 Covesea Limited  
 Cricketdrift Limited  
 Defence Management Group (Holdings) Limited  
 Defence Management (Holdings) Limited  
 Defence Management (Watchfield) Limited  
 Duchesspark Holdings Limited  
 Duchesspark Limited  
 Dumfries Facilities (Holdings) Limited

# **BIIF Holdco Limited**

## **Notes to the financial statements**

For the year ended 31 December 2014

### **Investment**

Dumfries Facilities Ltd  
Durham Investments Holdco Limited  
Eastbrook Facilities Holdings 2 Limited  
Eastbrook Facilities Holdings Limited  
Eastbrook Facilities Limited  
Elbon Holdings (1) Limited  
Elbon Holdings (2) Limited  
Elbon Holdings (3) Limited  
Elbon PFI Fund II  
Elbon PFI Fund (Investments) Limited  
Elbon PFI Fund Limited  
Elbon PFI (NT) Limited  
Elgin Water Limited  
ERI Holdings Limited  
Forfar Healthcare (Holdings) Limited  
Forfar Healthcare Limited  
Grannag Limited  
GH Bodmin Holdings Limited  
GH Bodmin Limited  
GH Bury Holdings Limited  
GH Bury Limited  
GH Newham Holdings Limited  
GH Newham Limited  
GH PPP Holdings Limited  
HSC Investments Limited  
Luton Health facilities (Holdings) Limited  
Luton Health Facilities Limited  
HpC King's College Hospital (Holdings) Limited  
HpC King's College Hospital (Issuer) plc  
HpC King's College Hospital Limited  
I2 Bidco Limited  
I2 Holdco 2 Limited  
I2 Holdco Limited  
Infrastructure Investors Castlehill Holdings Limited  
Infrastructure Investors Castlehill Limited  
Infrastructure Investors General Partner LLP  
Infrastructure Investors Limited  
Infrastructure Managers Limited  
Innovate East Lothian (Holdings) Limited  
Innovate East Lothian Limited  
International Water (Highland) Limited  
International Water (Tay) Limited  
International Water UU (Highland) Limited  
Investment Holdings (Genistics) Limited  
IWL Moray Montrose Limited  
IWUHH Limited  
KE Project Limited  
Kilmarnock PFI Holdings Limited  
Kilmarnock Prison Services Limited  
Kinoull House Holdings Limited  
Kinnoull House Limited  
Kintra Limited

# **BIIF Holdco Limited**

## **Notes to the financial statements**

For the year ended 31 December 2014

### **Investment**

Lanternmew Limited  
LH Project Limited  
Lochgilphead Healthcare Services (Holdings) Limited  
Lochgilphead Healthcare Services Limited  
Lowdham Grange Prison Services Limited  
M1-A1 Investments Limited  
M1-A1 Yorkshire Limited  
Machrie Burn Limited  
Machrie Limited  
Matrix FPMS Holdings Limited  
Matrix FPMS Limited  
Matrix PFI Developments Limited  
Matrix PFI GP Limited  
Matrix PFI Holdings Limited  
Matrix Premier Holdings Limited  
Medomsley Training Services Limited  
Midlothian Schools (Debtco) Limited  
Midlothian Schools (Holdings) Limited  
Midlothian Schools Limited  
Moreton Prison Services Limited  
Morris Eddie Limited  
New Anavon Limited  
Newmount Holdings Limited  
Newmount Limited  
New NT Holdco Limited  
New NT Limited  
Newschools (Penweddig) Holdings Limited  
Newschools (Penweddig) Limited  
Normanby Healthcare Group Holdings Limited  
Normanby Healthcare (Holdings) Limited  
Normanby Healthcare (Projects) Limited  
NPFI Management (2038) Limited  
NPFI Security (Aug 2010) Limited  
Nuffield Albion Healthcare Limited  
NVSH Holdco Limited  
NVSH TopCo Limited  
PFI Infracore Limited  
PFI Infrastructure Company plc  
PFI Infrastructure Finance Limited  
PFI (Limited Partner) Limited  
PFI Senior Funding Limited  
PIF Vulcans Lane Limited  
PIF West Cumbria Limited  
Premier Custodial Finance Limited  
Premier Custodial Investments Limited  
Premier Custodial Sub-debt Limited  
Pucklechurch Custodial Services Limited  
Reno Water Highland Limited  
Reno Water (Moray) Limited  
Reno Water (Tay) Limited  
Robertson Education (Aberdeenshire) Group Holdings Limited  
Robertson Education (Aberdeenshire) Holdings Limited  
Robertson Education (Aberdeenshire) Limited  
Robertson Education (Ingleby Barwick) Group Holdings Limited  
Robertson Education (Ingleby Barwick) Holdings Limited  
Robertson Education (Ingleby Barwick) Limited  
Robertson Health (Chester le Street) Group Holdings Limited  
Robertson Health (Chester le Street) Holdings Limited



# **BIIF Holdco Limited**

## **Notes to the financial statements**

For the year ended 31 December 2014

### **Investment**

Robertson Health (Chester le Street) Limited  
Salisbury Healthcare Facilities (Holdings) Limited  
Salisbury Healthcare Facilities Limited  
SD Marine Services (Holdings) Limited  
SD Marine Services Limited  
Helios B (SJDA 11)  
Societe des Bus Hybrides Dijonnais  
TBEP Investments Limited  
TIS Group Holdings Limited  
TIS Investments Limited  
Tiverton Healthcare Facilities (Holdings) Limited  
Tiverton Healthcare Facilities Limited  
Traffic Information Services (TIS) Holdings Limited  
Traffic Information Services (TIS) Limited  
VLE Holdings Limited  
Vulcans Lane Estates Limited  
Wansbeck Healthcare Facilities (Holdings) Limited  
Wansbeck Healthcare Facilities Limited  
WCEM Holdings Limited  
West Cumbria Estates Management Limited  
West Lothian Education Limited

# **BIIF Holdco Limited** **Notes to the financial statements** For the year ended 31 December 2014

## **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 £000	Interest rate applied	Date of maturity of loan	Interest received £000	Accrued income and prepayment at 31 Dec 2014 £000	Accounting Period end date
Key Health Services (Addenbrookes) Limited	50%	England & Wales	Healthcare	3,646	11.25%	2037	412	103	31 December
Fasttrax Limited	50%	England & Wales	Military	3,537	11.25%	2025	508	123	31 December
Summit Healthcare (Wishaw) Ltd	60%	Scotland	Healthcare	8,819	18.00%	2028	1,270	400	31 March
Modern Courts (Humberside) Ltd	50%	England & Wales	Justice	1,273	13.00%	2025	165	28	30 April
Modern Courts (East Anglia) Ltd	50%	England & Wales	Justice	889	13.20%	2025	124	-	31 December
The Education Support Company (Leeds) Ltd	50%	England & Wales	Education	1,605	13.00%	2028	213	53	31 March
Consort Healthcare (Durham) Limited	50%	England & Wales	Healthcare	4,867	LIBOR + 6%	2028	328	82	31 December
Genistics Ltd	50%	England & Wales	Military	7,236	13.50%	2020	977	520	31 December
Connect M1-A1 Limited	50%	England & Wales	Transport	4,154	15.00%	2016	106	108	31 March
PPP Services (North Ayrshire) Limited	55%	Scotland	Education	4,147	14.00%	2037	586	122	31 December
FCC (East Ayrshire) Limited	45%	Scotland	Education	1,660	9.00%	2037	333	84	31 December
Consort Healthcare (Edinburgh Royal Infirmary) Ltd	50%	Scotland	Education	7,877	LIBOR + 6%	2023	530	193	31 December
Glasgow Healthcare Facilities Ltd	50%	Scotland	Healthcare	9,700	13.75%	2039	1,334	336	31 December
Stobhill Healthcare Facilities Limited	60%	Scotland	Healthcare	1,206	13.25%	2031/2042	160	53	31 December
Sewell Education (York) Limited	50%	England & Wales	Education	-	-	-	-	-	31 December
Stirling Gateway Limited	50%	Scotland	Education	3,324	13.50%	2039	447	112	31 March
Sheppey Route Limited	50%	England & Wales	Transport	2,812	12.75%	2033	360	236	31 December
Blue Transmission Walney 1 Limited	50%	Jersey	Energy	6,876	7.88% + RPI	2031	756	136	31 March
Blue Transmission Walney 2 Limited	50%	Jersey	Energy	7,954	7.88% + RPI	2031	798	197	31 March
Blue Transmission London Array Limited	50%	England & Wales	Energy	38,684	8.21%	2033	3,190	801	31 March
Blue Transmission Sheringham Shoal Limited	50%	England & Wales	Energy	11,977	9.5%	2033	1,158	287	31 March
The Walsall Hospital Company Limited	50%	England & Wales	Healthcare	8,076	12.30%	2040	994	250	31 December
Hounslow Highways Services Limited	50%	England & Wales	Transport	-	-	-	-	-	31 December
Helios A SPV (SIDA 12)	56%	France	Justice	-	-	-	-	-	28 February
Ligerea SPV (SIDA 13)	60%	France	Education	-	-	-	-	-	31 December
Road Management Group Limited	42%	England & Wales	Transport	4,640	12.00%	2022	1,146	5,790	31 December
Road Management Services (Darrington) Limited	25%	England & Wales	Transport	3,525	10.00%	2036	344	85	31 December

# **BIIF Holdco Limited** **Notes to the financial statements** For the year ended 31 December 2014

Joint ventures and associates	% holding ordinary shares	Country of Incorporation	Sector	Sum advanced £000	Interest rate applied	Date of maturity of loan	Interest received £000	Accrued income and prepayment at 31 Dec 2014 £000	Accounting Period end date
Catalyst Healthcare (Calderdale) Ltd	20%	England & Wales	Healthcare	638	15.00%	2031	96	8	31 December
Catalyst Healthcare (Worcester) Ltd	17%	England & Wales	Healthcare	526	8.40%	2031	79	40	31 December
Albion Healthcare (Oxford) Limited	25%	England & Wales	Healthcare	1,174	12.26%	2036	144	73	31 December
City Greenwich Lewisham Rail Link plc	40%	England & Wales	Transport	-	-	-	-	-	31 December
Connect A30/35 Limited	15%	England & Wales	Transport	-	-	-	-	-	31 March
Connect M77 / GSO Limited	15%	England & Wales	Transport	3,553	12.10%	2035	412	2,411	31 March
Emblem Schools Limited	30%	Scotland	Education	1,681	13.75%	2032	231	58	31 March
Manchester Schools Services Limited	25%	England & Wales	Education	7,732	12.85%	2031	93	4	31 December
CSM PPP Services Limited	25%	Ireland	Education	-	-	-	-	-	31 December
Bangor and Nendrum Schools Services Limited	20%	Northern Ireland	Education	-	-	-	-	-	31 December
Salford Schools Solutions Limited	25%	England & Wales	Education	-	-	-	-	-	31 December
The Edinburgh Schools Partnership Limited	17%	Scotland	Education	268	13.07%	2033	43	17	31 March
Lighting for Staffordshire Limited	40%	England & Wales	Transport	168	13.18%	2025	23	6	31 December

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%.

**BIIF Holdco Limited**  
**Notes to the financial statements**  
For the year ended 31 December 2014

9. **Derivative financial instruments**

	<b>Group</b> <b>31 Dec 2014</b> <b>£000</b>	<b>Group</b> <b>31 Dec 2013</b> <b>£000</b>	<b>Company</b> <b>31 Dec 2014</b> <b>£000</b>	<b>Company</b> <b>31 Dec 2013</b> <b>£000</b>
<b>Liabilities</b>				
Interest rate swaps	381,617	333,866	-	-
RPI swaps	97,506	60,537	-	-
	<u>479,123</u>	<u>394,403</u>	<u>-</u>	<u>-</u>

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

	<b>Group</b> <b>31 Dec 2014</b> <b>£000</b>	<b>Group</b> <b>31 Dec 2013</b> <b>£000</b>	<b>Company</b> <b>31 Dec 2014</b> <b>£000</b>	<b>Company</b> <b>31 Dec 2013</b> <b>£000</b>
Trade debtors	14,030	11,620	-	-
Finance debtor	5,881	9,343	-	-
Amounts due from bank (note 11)	11,640	11,106	-	-
Prepayments and accrued income	33,201	34,756	-	-
Other debtors	31,083	16,338	-	-
	<u>95,835</u>	<u>83,163</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**

	<b>Group</b> <b>31 Dec 2014</b> <b>£000</b>	<b>Group</b> <b>31 Dec 2013</b> <b>£000</b>	<b>Company</b> <b>31 Dec 2014</b> <b>£000</b>	<b>Company</b> <b>31 Dec 2013</b> <b>£000</b>
Amounts due from bank	226,982	238,743	-	-
Finance debtor	1,191,405	1,206,722	-	-
	<u>1,418,387</u>	<u>1,445,465</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.

# BIIF Holdco Limited

## Notes to the financial statements

For the year ended 31 December 2014

### 12. Creditors: amounts falling due within one year

	Group 31 Dec 2014 £000	Group 31 Dec 2013 £000	Company 31 Dec 2014 £000	Company 31 Dec 2013 £000
Trade creditors	18,547	14,401	-	-
Other creditors	60,047	35,283	-	-
Accruals	74,648	61,658	-	-
Corporation taxation	124	-	-	-
Other taxes and social security costs	5,779	4,999	-	-
Finance leases	1,934	1,727	-	-
Bank loans (note 13(a))	161,001	144,836	-	-
Guaranteed secured bonds (note 13(c))	5,551	5,348	-	-
Other loans (note 13(d))	3,074	4,117	-	-
Deferred income (note 13(g))	4,198	1,912	-	-
	<u>334,903</u>	<u>274,281</u>	<u>-</u>	<u>-</u>

### 13. Creditors: amounts falling due after one year

	Group 31 Dec 2014 £000	Group 31 Dec 2013 £000	Company 31 Dec 2014 £000	Company 31 Dec 2013 £000
Finance leases	2,457	4,138	-	-
Bank loans (note 13(a))	1,349,067	1,394,115	-	-
Eurobond (note 13(b))	575,874	575,874	-	-
Guaranteed secured bonds (note 13(c))	158,544	163,853	-	-
Other loans (note 13(d))	13,117	15,447	-	-
Zero Coupon Bond (note 13(e))	3,408	3,091	-	-
Other creditors (note 13(f))	8,976	7,330	-	-
Deferred income (note 13(g))	41,101	43,620	-	-
	<u>2,152,544</u>	<u>2,207,468</u>	<u>-</u>	<u>-</u>

The repayment of bank and other loans is due as follows:

Group	31 Dec 2014 £000	31 Dec 2013 £000
Due within one year	164,075	148,953
Due between one and two years	561,686	63,419
Due between two and five years	129,397	954,588
Due in more than five years	671,101	391,555
	<u>1,526,259</u>	<u>1,558,515</u>

# BIIF Holdco Limited

## Notes to the financial statements

For the year ended 31 December 2014

### 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 £1,533,605,000 (2013: £1,564,985,000). Costs of £22,985,000 (2013: £26,034,000) have been set off against the total loan drawdowns, with £8,213,000 (2013: £7,217,000) of these costs charged to the Profit and Loss Account in the period in accordance with FRS 4.

An amount of £817,651,000 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. The loan of £514,143,000 is due to be repaid by 30 September 2016, and it is expected that this facility will be re-financed before maturity. The other bank loan of £303,508,000 was re-financed in Dec 2014 to a new facility level of £314,000,000 and will be repaid by 30 September 2035.

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 the 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 £575,874,000 (2013: £575,874,000) which was subscribed for in full by the ultimate parent entity, BIIF 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 (2013: £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 2014 amounted to 54.6% (2013: 48.8%).

A subsidiary has issued £79,314,000 (2013: £79,314,000) 7.12% secured bonds which are 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:

	31 Dec 2014 £000	31 Dec 2013 £000
Amounts repayable in one year or less or on demand	5,551	5,348
Between one and two years	6,745	5,103
Between two and five years	596,990	19,867
Over five years	135,492	719,344
	<hr/> 744,778	<hr/> 749,662
Unamortised finance costs associated with the bond issue	(1,401)	(1,496)
	<hr/> 743,377	<hr/> 748,166
Included within creditors: amounts falling due within one year	(5,551)	(5,348)
Amounts falling due after one year	<hr/> 737,826	<hr/> 742,818

**BIIF Holdco Limited**  
**Notes to the financial statements**  
For the year ended 31 December 2014

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

*(d) Other loans (all unsecured)*

A subsidiary in the group has issued loan notes totalling £897,000 (2013: 894,000) which bear interest at 13.5%. Of this balance, £610,000 (2013: £607,000) 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 (2013: £410,000) loan stock instrument. The loan bears a Coupon of 13.5% 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 £121,000 (2013: £116,000) 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 13.5% 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 £267,000 (2013: £266,000) subordinated loan note. The loan bears a Coupon of 13.5% 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.

A subsidiary in the group has issued an unsecured loan with a value of £1,033,000 (2013: £1,033,000) due 2037, bearing interest at 13.04%.

A subsidiary in the group has issued loan stock with a value of £709,000 (2013: £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 (2013: £715,000) bearing interest at 13% per annum. Of this balance, £64,000 (2013: £64,000) represents unpaid interest on the loan notes and is due for payment within twelve months. The principal is repayable in full in February 2036.

A subsidiary in the group has issued loan stock with a value of £1,854,000 (2013: £2,164,000) bearing interest at 9% and is repayable in instalments to December 2019.

A subsidiary in the group has issued loan stock with a value of £3,707,000 (2013: £5,133,000). The loan stock bears interest at 13% and has repayment dates between 15 December 2012 and 15 December 2017.

A subsidiary in the group has issued loan stock with a value of £6,259,000 (2013: £6,663,000). 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 issued loan notes totalling £1,250,000 (2013: £1,250,000) which bear interest at 8%. Of this balance £296,000 (2013: £96,000) 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 with a redemption value of £8,000,000 (2013: £8,000,000) on 3 October 2022. This bond was issued at a discount value of £633,000 (2013: £633,000) which is amortised to maturity at a constant rate on the carrying amount of the debt.

**BIIF Holdco Limited**  
**Notes to the financial statements**  
For the year ended 31 December 2014

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

*(f) Other creditors*

Included in other creditors is a decommissioning provision of £345,000 (2013: £314,000) 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*

<b>Group</b>	<b>31 Dec 2014 £000</b>	<b>31 Dec 2013 £000</b>
As at 1 January	45,532	36,027
Acquired during the period	-	11,417
Amortised during the period	(233)	(1,912)
<b>As at 31 December</b>	<b>45,299</b>	<b>45,532</b>

Deferred income is divided as follows:

- In fourteen 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, Connect A50 Limited, Innovate East Lothian Limited, Blackshaw Healthcare Services Limited and Adams Campus 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 2014 was £28,823,000 (2013: £27,104,000).
- £13,781,000 (2013: £12,224,000) in respect of funding grants which will be amortised over the lifetime of the PFI concession contract.
- £5,524,000 (2013: £6,204,000) 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 £4,198,000 (2013: £1,912,000) will be realised within 12 months and £44,274,000 (2013: £43,620,000) will be realised after 12 months.

14. **Deferred taxation**

<b>Group</b>	<b>31 Dec 2014 £000</b>	<b>31 Dec 2013 £000</b>
As at 1 January	56,542	63,193
Prior year adjustment	(316)	286
<b>Revised balance as at 1 January</b>	<b>56,226</b>	<b>63,479</b>
Deferred tax acquired	-	-
Deferred tax disposed	315	88
Deferred tax charge/(credit) for the year	2,454	(7,025)
<b>As at 31 December</b>	<b>58,995</b>	<b>56,542</b>
<b>Analysis of deferred tax balances:</b>		
Accelerated capital allowances	93,790	94,730
Other timing differences	(5,485)	(3,564)
Losses	(29,310)	(34,624)
	<b>58,995</b>	<b>56,542</b>



# BIIF Holdco Limited

## Notes to the financial statements

For the year ended 31 December 2014

### 14. Deferred taxation (continued)

The Group has an un-provided deferred tax asset of £127,698,000 (2013: £102,742,000). The deferred tax asset arises:

- on consolidation as the Group has recognised the fair value of derivative financial liabilities. This asset amounts to £95,825,000 (2013: £78,881,000)
- on unrelieved losses within certain Group companies. This asset amounts to £39,750,000 (2013: £23,861,000)

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

### 15. Called up share capital

Group and Company	31 Dec 2014 £	31 Dec 2013 £
<b>Authorised</b>		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
<b>Allotted, called up and fully paid</b>		
1 Ordinary share of £1 each	<u>1</u>	<u>1</u>

### 16. Other reserves

	Revaluation reserve £000	Foreign exchange reserve £000	Group £000	Company £000
As at 1 January 2014	2,833	(126)	2,707	-
Net movement	(149)	(506)	(655)	-
As at 31 December 2014	<u>2,684</u>	<u>(632)</u>	<u>2,052</u>	<u>-</u>

### 17. Profit and loss account

	Group £000	Company £000
As at 1 January 2014	(273,762)	-
Loss for the year	(127,545)	-
As at 31 December 2014	<u>(401,307)</u>	<u>-</u>

### 18. Equity minority interest

	31 Dec 2014 £000	31 Dec 2013 £000
As at 1 January	28,294	23,944
Increase in minority interests	-	(9)
Profit attributable to minority interests	3,523	4,359
As at 31 December	<u>31,817</u>	<u>28,294</u>

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19. **Reconciliation of movement in shareholders' funds**

	<b>Group</b> <b>31 Dec 2014</b> <b>£000</b>	<b>Group</b> <b>31 Dec 2013</b> <b>£000</b>	<b>Company</b> <b>31 Dec 2014</b> <b>£000</b>	<b>Company</b> <b>31 Dec 2013</b> <b>£000</b>
As at 1 January	(271,055)	(393,838)	-	-
Net (decrease)/increase in fair value of investment properties	(149)	250	-	-
Net movement on foreign exchange reserve	(506)	(126)	-	-
(Loss)/Profit for the year	(127,545)	122,659	-	-
As at 31 December	<u>(399,255)</u>	<u>(271,055)</u>	<u>-</u>	<u>-</u>

20. **Net cash flow from operating activities**

<b>Reconciliation of operating profit to net cash flow from operating activities</b>	<b>31 Dec 2014</b> <b>£000</b>	<b>31 Dec 2013</b> <b>£000</b>
Operating profit	61,038	115,962
Dividend income	(10,026)	(11,863)
Reversal of impairment of investments	(3,549)	-
Depreciation charge	20,686	19,030
Gain on sale of investments	-	(53,073)
Amortisation of fair value adjustments	15,787	13,138
Amortisation of deferred income	233	(1,912)
Increase in debtors	(3,052)	(19,582)
Increase in creditors	37,445	64,955
	<u>118,562</u>	<u>126,655</u>

21. **Reconciliation of net cash flow to movement to net debt**

	<b>31 Dec 2014</b> <b>£000</b>	<b>31 Dec 2013</b> <b>£000</b>
Increase/(decrease) in cash in the period	12,366	12,085
Cash inflow/(outflow) from movement in debt payable	52,071	18,072
Cash inflow/(outflow) from movement in loans receivable	(11,227)	(10,861)
	<u>53,210</u>	<u>19,296</u>
Amortisation of loan issue costs	(8,213)	(7,217)
Issue costs on new borrowings	4,709	-
Non-cash movements	(10,048)	(8,229)
Net debt at 1 January	(1,852,317)	(1,856,167)
Net debt at 31 December (note 22)	<u>(1,812,659)</u>	<u>(1,852,317)</u>

# BIIF Holdco Limited

## Notes to the financial statements

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### 22. Analysis of net debt

	1 Jan 2014 £000	Cash flow £000	Non- cash movements £000	31 Dec 2014 £000
Cash in hand and at bank	210,380	12,366	-	222,746
Debt payable: within one year	(156,028)	(15,532)	-	(171,560)
Debt payable: after one year	(2,156,518)	67,603	(13,552)	(2,102,467)
	<u>(2,312,546)</u>	<u>52,071</u>	<u>(13,552)</u>	<u>(2,274,027)</u>
Loan payments: receivable within one year	11,106	534	-	11,640
Loan payments: receivable after one year	238,743	(11,761)	-	226,982
	<u>249,849</u>	<u>(11,227)</u>	<u>-</u>	<u>238,622</u>
<b>Total</b>	<b><u>(1,852,317)</u></b>	<b><u>53,210</u></b>	<b><u>(13,552)</u></b>	<b><u>(1,812,659)</u></b>

### 23. Parent undertaking and ultimate controlling party

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

### 24. Related party transactions

The Group paid £41,250 (2013: £41,250) 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 2014, £nil (2013: £nil) remained outstanding.

Sodexo Group also manage the non-clinical services for HpC Kings College Hospital (Holdings) Limited, a subsidiary of the Group in which the Sodexo Group hold a minority interest. The amount charged for these services was £nil (2013: £nil). At 31 December 2014, £9,092 (2013: £9,092) remained outstanding.

Sodexo Group also manage the lifecycle and estate services for HpC Kings College Hospital (Holdings) Limited, a subsidiary of the Group in which the Sodexo Group hold a minority interest. The amount charged for these services was £1,314,709 (2013: £1,594,732). At 31 December 2014, £nil (2013: £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 £3,498,604 (2013: £3,937,598). At 31 December 2014, £704,458 (2013: £948,921) remained outstanding. All contracts are carried out at arms-length.

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 £nil (2013: £nil) at the period end. FES Limited is also the holder of loan notes issued by Innovate East Lothian Limited totalling £517,000 (2013: £517,000) and loan notes issued by Innovate East Lothian (Holdings) Limited totalling £410,000 (2013: £410,000).

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 £3,372,153 (2013: £4,359,350) by Babcock Communications Limited in connection with operation and maintenance fees. At 31 December 2014, £538,948 (2013: £1,249,642) remained outstanding.

## **BIIF Holdco Limited**

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#### **24. Related party transactions (continued)**

Veolia manage the operational activities of Catchment Limited, Catchment Moray Limited and Catchment Tay Limited, subsidiaries of the Group in which Veolia Group hold a minority interest. The total invoices raised in the year in respect of these services amounted to £11,594,596 (2013: £11,496,200). At 31 December 2014, £2,346,679 (2013: £1,247,502) remained outstanding.

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 £395,000 (2013: £400,000). At 31 December 2014, £nil (2013: £6,000) 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 £4,673,000 (2013: £5,005,000). At 31 December 2014, £nil (2013: £253,000) remained outstanding.

The group has subcontracted the design, build, operation and maintenance of Societe Des Bus Hybrids Dijonnais to Heuliez Bus, a company which holds a minority interest in Societe Des Bus Hybrids Dijonnais. During the year Societe Des Bus Hybrids Dijonnais was invoiced £444,777 (2013: £40,426,441) by Heuliez Bus for these services. At 31 December 2014, £47,336 (2013: £116,279) remained outstanding.

The Group has subcontracted the design, build and management through construction of Helios B to Spie Batignolles, a company which holds a minority interest in Helios B. Spie Batignolles also receives a reimbursement of the costs of a corporate guarantee. During the year Helios B was invoiced £35,210,447 (2013: £14,667,000) by Spie Batignolles in connection with these services. At 31 December 2014, £1,967,920 (2013: £nil) remained outstanding.

# BIIF Holdco Limited

## Notes to the financial statements

For the year ended 31 December 2014

### 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
<b>Period ended 31 December 2014</b>							
<i><b>Fixed Rate Liabilities:</b></i>							
Bank loans	161,001	556,344	42,653	42,622	41,116	666,332	1,510,068
Eurobond	-	-	-	-	575,874	-	575,874
Bond loan	3,791	4,762	5,496	4,607	3,987	52,858	75,501
Other loans	3,075	5,342	1,345	781	880	4,768	16,191
<i><b>Floating Rate Liabilities:</b></i>							
Bond loan	1,636	1,864	2,022	2,231	2,448	81,801	92,002
<i><b>Floating Rate Assets:</b></i>							
Cash in hand and at bank	222,746	-	-	-	-	-	222,746
<b>Period ended 31 December 2013</b>							
<i><b>Fixed Rate Liabilities:</b></i>							
Bank loans	144,836	61,163	864,978	41,416	42,345	384,213	1,538,951
Eurobond	-	-	-	-	-	575,874	575,874
Bond loan	4,101	3,791	4,762	5,496	4,607	56,528	79,285
Other loans	4,119	2,256	2,641	2,031	1,177	6,625	18,849
<i><b>Floating Rate Liabilities:</b></i>							
Bond loan	1,247	1,188	1,433	1,611	1,611	85,917	93,007
<i><b>Floating Rate Assets:</b></i>							
Cash in hand and at bank	210,380	-	-	-	-	-	210,380

#### *Interest rate risk profile of financial liabilities*

The fixed rate liabilities comprise bank loans at 6.68%; an 8% Eurobond; a 3.443% indexed-linked guaranteed bond and 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 2014, the Group has sterling floating rate liabilities (excluding unamortised costs) of £92,002,000 (2013: £93,007,000) being the original value of the bonds issued of £87,190,000 (2013: £87,190,000), adjusted for the increase in the Retail Price Index (RPI), and repayments to date and bank loans totalling £4,812,000 (2013: £5,817,000).

Of this balance, £60,029,000 (2013: £63,498,000) bears interest at 3.443% per annum as adjusted bi-annually for the increase in the RPI. At 31 December 2014, the increase in the cumulative RPI amounted to 54.6% (2013: 48.8%).

# BIIF Holdco Limited

## Notes to the financial statements

For the year ended 31 December 2014

### 25. Financial risk management objectives and policies (continued)

#### *Interest rate risk profile of financial assets*

At 31 December 2014, the Group has sterling cash balances of £222,746,000 (2013: £210,380,000) 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 £1,197,286,000 (2013: £1,255,247,000) with a weighted average discount rate of 8.7% (2013: 8.7%) and a weighted average maturity of 18.5 years (2013: 19.3 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; and
- 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 2014 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
<b>Period ended 31 December 2014</b>						
Trade and other creditors and accruals	-	153,242	-	-	8,976	162,218
Bank loan (including net settled derivatives)	44,394	43,137	88,781	964,017	1,166,931	2,307,260
Eurobond	-	-	17,679	-	751,607	769,286
Bond loan	-	12,508	13,181	63,105	204,802	293,596
Other loan	-	1,000	2,495	17,108	34,337	54,940
<b>Period ended 31 December 2013</b>						
Trade and other creditors and accruals	-	111,961	-	-	8,045	120,006
Bank loan (including net settled derivatives)	46,906	42,430	145,138	1,115,240	1,233,073	2,582,787
Eurobond	-	-	-	-	806,223	806,223
Bond loan	-	3,655	13,112	67,356	233,712	317,835
Other loan	-	976	4,256	18,444	33,141	56,817

**Borrowing facilities**

The Group has an undrawn committed borrowing facility of £5,700,000 (2013: £nil).

**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 2014 £000	Fair value 2014 £000	Book value 2013 £000	Fair value 2013 £000
<b>Financial assets</b>				
Cash in hand and at bank	222,746	222,746	210,380	210,380
<b>Financial liabilities</b>				
Bank loan	1,510,068	1,369,354	1,538,951	1,391,476
Eurobond	575,874	575,874	575,874	575,874
Bond loan	167,503	192,137	172,292	186,460
Other loans	16,191	16,191	18,849	18,849

Market values have been used to determine the fair value of the listed Bond Loan.